

News Summary

5 men shot in Belfast battles

The Army last night claimed to have shot four gunmen during a five-hour battle in Belfast's city centre after a day of violence in which two soldiers were killed by a bomb in Londonderry.

Last night's battle began when 50 shots were fired at troops, and two petrol bombs and a grenade were thrown. One of the four gunmen was shot, however, they were dragged away by sympathisers and the Army said the fighting had been confined to a few streets. Attempts to give chase were frustrated by hostile crowds.

Sporadic firing continued into the night, and the Army claimed to have shot a fifth man—a nail bomb thrower—in another part of the city.

Catholic joins Cabinet

Earlier, Ulster Premier James Chichester-Clark had taken the unprecedented step of appointing a Roman Catholic to his Cabinet.

He asked Dr. G. B. Newe, 64, secretary of Belfast Council of Social Welfare, to establish and maintain contact with a Minister of State—with the Catholic population and to ensure that its views were given adequate consideration by the Government.

Meanwhile, the Army, disclosing that troops had come under fire from children, probably under 14, warned it would shoot any man, woman or child who opened fire.

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Repression run riot, Page 37

Plea to Czechs

Britain yesterday formally requested Czechoslovakia's co-operation in preventing shipments of arms to the IRA after the same were seized at Ansterdams on October 18. No Czechoslovak authorities demonstrated their sensitivity to the issue yesterday by postponing the scheduled official visit to Britain next month of Foreign Minister Jan Marko. Page 7

Soviet backing for India

Joint statement issued in New Delhi after Soviet Deputy Foreign Minister Nikolai Pleschinskii's talks with Indian leaders clearly implied that Russia has promised military aid, and possibly intervention, if war breaks out with Pakistan.

The talks, it said, showed full agreement on issues under an article of the Indo-Soviet treaty specifically committing the countries to "immediate consultations" and "appropriate measures" in the event of an attack on either country.

Crashed Vanguard partition corroded

A partition in the interior of the rear pressure bulkhead of the BEA Vanguard that crashed in Belgium was severely corroded and broke away very shortly before control over the aircraft was lost and the rear fins were broken, said an interim report of the Belgian investigating commission. The inquiry continues.

Pools jackpot

A Chesham, Essex, housewife and a man from Preston, Lancs., shared a record dividend of £485,882 on Littlewoods.

Overture to Heath

Mr. Heath has been invited to conduct the London Symphony Orchestra at a charity concert in London's Royal Festival Hall on November 28. However, a Downing Street spokesman said a decision had yet to be taken.

Briefly...

Shroffed shopkeeper Albert Hattersley was jailed for seven years for starting fires which caused £50,000 damage.

Heathrow air traffic controllers have set a new record for the number of flights handled from one runway—59 in an hour.

Chief price changes

(Prices in pence unless otherwise stated)

Rises	Falls
Alfred Brevs. Dfd. 110 + 9	Legal & General 308 + 12
Avery's 153 + 14	Lionel Hides 571 + 14
BSR 419 + 12	Nat'l. Assets 82 + 51
Jericho 312 + 6	Nat'l. Westminster 542 + 10
Spe. Vestest 130 + 6	Newman Inds. 91 + 8
Janet 141 + 3	P. & O. Dord. 184 + 4
Grand Met. 152 + 6	Plessey 121 + 4
Val de Travers 283 + 6	Pratt & Whitney 177 + 8
Julian 138 + 6	Shaw (R. G.) 350 + 20
Lawrence 144 + 6	Staplegreen 392 + 12
Matthew 277 + 6	Turner & Newall 349 + 23
Shirley 284 + 7	Val de Travers 283 + 6
	Whitby 353 + 6
	Guthrie Corp'n. 340 + 7
	Joburg Consol. 850 + 100
	Poseidon 710 + 40

Houghton defies the Labour Whips

A decisive majority for entry expected

BY JOHN BOURNE and RICHARD EVANS

THE GOVERNMENT is expected to obtain a decisive majority for its EEC entry terms when Parliament takes its historic vote on the Common Market to-night.

There are, of course, more than 12 hours to go before the vote in the Commons ring for the crucial division at 10 p.m. and the whips, official and unofficial, will be pursuing those few MPs who may be wavering over which way to vote. Last-minute pressures and events could still make a difference to the Government's majority.

For example, the defiance of the Labour whips by Mr. Douglas Houghton, the respected chairman of the Parliamentary Party, in an impassioned speech yesterday, might well swing some Labour "autocrats" into the Government lobby.

But, having made these provisions, the situation last night was that the Government is confident of achieving a majority of at least 55, and probably 60, with the aid of Labour's rebels. These will include Mr. Roy Jenkins, four other members of the "shadow" Cabinet—nearly half the Labour leadership—and about a dozen junior Front-Bench spokesmen appointed by Mr. Harold Wilson.

Ministers concede that, without the help of Labour pro-Market rebels, the Government would be defeated. There are about 30 Tory anti-Market rebels, six independent MPs and one Liberal who will vote against entry, and the Government's normal majority in the Commons is only 25.

The size of its majority to-night will, therefore, depend on the number of Labour pro-

Market rebels who defy their party's three-line whip. If the highest informed estimates are correct about 60 Labour MPs could go into the Government lobby, and a further 19 abstain. This would give the Government a majority of over 120.

Assuming that enthusiastic Labour rebels are inclined to over-estimate and that Ministers are naturally cautious, the most likely result is a majority somewhere between 80 and 100.

In his speech to the Press Gallery yesterday Mr. Houghton supported the formula first floated by Mr. Wilson at the Labour Party conference that the pro-Market rebels should be allowed "one bite" to-night and then fall into line behind the party.

After saying that he would personally be voting for entry and would not be resigning before-hand as party chairman, Mr. Houghton gave this warning to the Government: "After to-morrow night the pro-Market rebels must wage the Party fight against the Government and not go against the decisions of the Parliamentary Labour Party from time to time on future legislation—the Common Market included—in the usual way. There must be no wavering on this."

"If events show that the Government can only legislate by the aid of Opposition votes then must go. No Government, least of all this one, can expect to be bailed out on major and contentious legislation by members of the Opposition. From next week they will be on their own."

He called on his fellow pro-Market rebels to accept "this olive branch for the majority of the Labour Party." Most of them will probably respond to his authoritative message, although there are a handful of pro-Market rebels, including Mr. Christopher Smith, who are ready to lead a "suicide squad" to rescue the Government if its majority is in danger of key votes during the legislation. There is also the possibility that some other Labour MPs may abstain on key votes.

Continued on back page

Carr warns on registration

BY JOHN ELLIOTT, LABOUR EDITOR

MR. ROBERT CARR, Secretary of the Employment, yesterday stepped into the current union row over registration under the Industrial Relations Act and warned: "The Act will not collapse like a pack of cards if every trade union ensures it is not registered."

Mr. Carr made this clear at the start of a Financial Times' trade union conference in London on the legislation and coincided with a meeting of the TUC general council which decided to take the first steps towards possible suspension from the TUC of 18 unions which have defied its non-registration policy.

The point of the TUC's adoption of non-registration as the cornerstone of its policy against the Act is, as Mr. Carr said, that the TUC general secretary, may well spell out to the conference today to make the legislation unworkable, paving the way for a future Labour Government to repeal it.

But Mr. Carr, having almost apologised for his intrusion on the "private grief" of the TUC over the issue, said: "The work of the Act does not depend on whether trade unions register or not." It was entirely up to them whether, in return for a measure of public accountability, they were prepared to surrender for themselves the advantages of the legislation.

In addition to traditional tax and social advantages, Mr. Carr was here referring to such as the ability to gain exclusive statutory backed bargaining units and agency shops.

"The Act will not collapse like a pack of cards if every trade union ensures it is not registered. It might not work as effectively—least of all to the benefit of the 10m. trade union members—but it will still work," added Mr. Carr.

Beholding the private views of many union leaders, Mr. Carr said that the trade union movement has got itself into a wholly unnecessary state about registration and said he was sure that unions will come to accept the Act as a necessary condition of industrial peace and respect for the institution of trade unionism as an asset not lightly to be cast on one side in a modern society in which public opinion is an intangible but all-pervasive presence in collective bargaining.

Later, Mr. Campbell Adamson, CBI director, during a speech to the conference stressing the need for managements to adopt a non-confrontational approach to industrial relations, said he did not believe that whether or not a union was registered should affect a company's attitude to working out a policy.

Mr. Martin J. H. Engineering Employers' Federation director general, also told the conference that "registration will make little difference to day-to-day industrial relations—if unions want to deprive themselves of some advantages, that's up to them."

Although the TUC is now able to show that unions representing nearly half its 10m. members have followed its policy of non-registration, and to claim that others are likely to follow soon, union leaders are in fact far from happy about the policy.

But after the bitter arguments at Monday's committee meeting, union leaders appeared to want to discuss the matter further except Mr. Hugh Scanlon, of the engineers who unsuccessfully tried to reopen the matter and Mr. Lawrence Daly of the miners who wanted assurances that the non-registration policy would be operated strictly.

Some unions seem to have done little to instruct their officials and shop stewards about how to operate within a non-registered organisation, a point which was raised at yesterday's committee meeting.

The TUC is to issue general guidance on this soon. But some unions, like the General and Municipal Workers, still do not feel it is right to rush into non-registration before they have had time to work out all the implications.

Unions like these will now be reminded by the TUC that they should follow its policy and de-register as quickly as possible, but it seems likely that many will still want to defer decisions.

These are in addition to other unions like the Transport and General Workers and the Shopworkers which intend to take no action until they have held conferences during the next few months to change their rules in order to allow de-registration.

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BSA motor cycle division needs £4½m.

BY NICHOLAS LESLIE

AS MUCH as £4½m. is seen as necessary to complete a rationalisation of Birmingham Small Arms' motor-cycle division. This was disclosed yesterday with the news that the group incurred a trading loss of £2.78m. in the year to July 31, 1971, much in line with the £3m. estimate made by Comper Brothers in July in their report on the hard-hit engineering group's financial position.

The £4½m. is a provision included before tax in the preliminary figures. It will cover exceptional costs arising from reorganising the motor-cycle division, including future costs of factory and product rationalisation, losses on stock and redundancy payments. The directors say it is not possible to make a precise estimate, and the figure has been prepared on a conservative basis.

The trading loss compares with an £821,058 profit in 1969-70 and has been struck before other exceptional provisions totalling £187,654 for the sale of the Red-ditch factory. There is small relief with a tax credit of nearly £246,000, but distributable reserves have been reduced by nearly two-thirds from £12.87m. to £4.57m.

The company is seeking to increase its borrowing powers and to reorganise the capital structure so that the £10m. overdraft can be secured. A letter has just been sent to shareholders requesting them to call the meeting to approve the proposals is to be held on Monday next and that a quorum of holders representing personally or by proxy one-third of the shares is necessary for the meeting to proceed.

Efforts to raise vital capital have included the sale for £2m. of a stake in Alfred Herbert and shares in Sealed Motor Construction for over £2m.

Strike will be urged

Peter Cartwright, Midlands Correspondent, writes: The problems of BSA multiplied yesterday when shop stewards unanimously decided to call for complete strike action instead of attempting a "work-in" of the 3,000 of the 4,700 labour force at the Armory Road plant who have been declared redundant.

A mass meeting has been called for today, when the stewards will recommend an all-out strike. They reached their decision at a four-hour meeting with full-time union officials this afternoon.

Mass vote

Even if the 1,700 who are needed to continue component manufacture after motorcycle assembly has been moved to BSA's other factory at Meriden, Coventry, vote against strike action they could be in a minority in a mass vote.

Throughout all the discussions with the Government and the company it has been made clear that the acceleration of work in redundancies is vital to enable motorcycle activities to be concentrated at Meriden.

No alternative

Representatives of BSA unions yesterday met Sir John Eden, Minister of Industry, for a full report on the meeting Sir John had last night with the BSA management. A statement of the Department of Trade and Industry said last night:

Sir John said it was clear from Tuesday night's meeting that the company had no alternative but to concentrate production at Meriden. He recognised the hardship this would cause for some of the work force, but stressed that it arose from basic market and management difficulties which the company had faced for a number of years.

Mr. Evans said a number of resolutions had been discussed, but immediate strike action was the one that ultimately prevailed. He added: "We have to take the risk that if there is a strike the company may go bust. In any case most of the people know their jobs have gone anyway."

If you'd invested £5,000 in Unicorn Capital Trust 14 years ago and taken an income of £400 a year tax paid, look how much you'd still be left with.

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ON OTHER PAGES

Year	Annual Payment (£000) (After Tax)	Redeemable Value of remaining shares (£10 October)
1958	£400	£ 5,671
1959	£400	£ 7,268
1960	£400	£ 8,979
1961	£400	£ 10,806
1962	£400	£ 12,831
1963	£400	£ 15,061
1964	£400	£ 17,503
1965	£400	£ 20,164
1966	£400	£ 23,049
1967	£400	£ 26,174
1968	£400	£ 29,554
1969	£400	£ 33,294
1970	£400	£ 37,401
1971	£400	£ 41,981

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American News

China vote 'spectacle' may slow U.S. aid

WASHINGTON, Oct. 27.

THE White House said today that U.S. support for the UN and some foreign aid allocations could be affected by what is described as the "shocking spectacle" on the UN General Assembly floor following defeat of the Administration's two-China policy.

Press Secretary, Ronald L. Ziegler, reading from notes in response to a question, said television news broadcasts made clear that some delegates displayed "personal animosity" toward the U.S. policy following the series of votes that resulted in admission of China and expulsion of Taiwan.

Speaking of President Nixon, Ziegler said: "He was shocked by this action. He interpreted it as being undisguised glee and personal animosity on the part of certain delegates toward the U.S. policy."

Ziegler said the reaction of the delegates was unworthy of the United Nations and "could seriously impair the support in the Congress and the country for the United Nations."

While saying "It is not our intention to retaliate," Ziegler said some of the delegates whose actions were offensive to Mr. Nixon represent nations which have been large recipients of American foreign aid.

Investment abroad rises £7,100m.

WASHINGTON, Oct. 27.

THE value of U.S. direct investments abroad in 1970 rose, a record \$7,100m. to \$78,100m. far exceeding the \$5,800m. increase in 1969, the Commerce Department reported.

The investment in developed countries accounted for about 75 per cent, or \$5,900m. of last year's increase. Investment in Canada rose \$1,700m. and Europe \$2,300m. In 1969, direct investment in developed countries rose about \$4,200m.

Investment in less-developed countries in 1970 rose 1,400m. (\$200m. more than the previous year). Unallocated direct investments, primarily those of international shipping companies, rose about \$475m. in 1970, compared with a \$300m. increase in 1969. Earnings on direct investments abroad last year totalled \$3,900m. up from \$3,000m. in 1969.

AP-DI

Japan's envoy warns U.S. of recession danger

BY GUY DE JONQUIERES

THE United States was warned today that President Nixon's new foreign economic measures will become counter-productive and could ultimately bring on a world recession unless rapid steps are taken to establish a favourable climate for serious international negotiations.

In a speech in Boston, the Japanese Ambassador to Washington, Mr. Nobuhiko Ushiba, said that the U.S. was in danger of carrying "crisis diplomacy" too far. "It will not help America's position in world trade if you persist in policies which have a depressing effect on the economic expansion of your trading partners and which slow the growth of international trade."

Mr. Ushiba said that it was widely recognised by Japan and the rest of the world that the U.S. has to make significant adjustments to its trade and payments balances. He concluded that by introducing his dramatic economic measures on August 15, President Nixon had

brought about some salutary results.

"The Nixon shock has worked. Currency realignments will now certainly take place. Trade policies and related domestic fiscal and monetary policies are under review in all the major trading nations. The framework and machinery of international economic relations are being scrutinised. In a search for mutually satisfactory solutions to the present world economic crisis," he said.

"There is something to be said, in other words, for a bold and abrupt measure which brings smoldering problems to a head. There are also real dangers in crisis diplomacy. Now that the shock has had its desired effects, it is essential that we turn to creative diplomacy."

Mr. Ushiba said it was particularly important to restore confidence. As long as uncertainty persisted about future trade and monetary relationships business

WASHINGTON, Oct. 27.

would hesitate over new investment, production planning and marketing.

The present crisis situation was doubly ironical, he said. In the first place, the real objectives of the August 15 emergency measures would be defeated if they depressed world trade. A prolonging of Japan's recession would not increase its capacity for American exports, but diminish it, thus creating pressures for an expansion of Japan's own exports.

The second irony was that Japan was already in the process of liberalising trade and investment restrictions at a very moment that the U.S. took its emergency measures. "We Japanese feel that the Americans have perhaps acted too soon, too impatiently, without giving us efforts a chance to work."

The irony is that we have suddenly reached a policy confrontation, while both sides have been striving towards the same purpose."

Schweitzer views money crisis

BY PAUL LEWIS, U.S. EDITOR

WASHINGTON, Oct. 27.

THE WORLD monetary crisis is already having an adverse effect on the economic prospects of the developing countries, the managing director of the IMF, M. Pierre-Paul Schweitzer warns today in a speech to the economic and social council of the UN.

He said that the recent decline in commodity prices and in particular the marked weakness in metals since President Nixon's August 15 measures could be traced in part to the disturbances in the currency market.

Another disquieting feature of the crisis was the stalemate it had brought to the negotiations on uniting development aid. The U.S. has recently given notice that it can no longer take part in the discussions on this subject which are underway in the OECD's Development Aid Committee in Paris.

M. Schweitzer mentioned the set-back caused to the world aid effort in general by the 10 per cent cut in American aid announced at the same time as the other economic reforms and the continuing uncertainty of the replenishment of the IDA. But he added that quite as serious as this might be the unsettling effect the currency upheavals could have on the efforts of the developing countries to diversify their exports.

In the case of manufactured products, M. Schweitzer said, exporters in many developing countries were working in new markets with thin profit margins and any unexpected change in prices, exchange rates or trade barriers might discourage exports altogether. It was particularly unfortunate that just such hazards should now be facing the infant industries of these

countries at a time when they were also faced with growing burden of external debt and the need to provide unemployment for their rising populations.

M. Schweitzer said that there was general agreement on the need for an early return to fixed, though more flexible, parities and for measures to prevent competitive devaluations in the future. On a longer-term view, there was growing support for a new monetary system in which the world's liquidity needs would be handled on a collective basis through the special Drawing Right mechanism.

In this connection the Fund was continuing to study all aspects of the system, including the role of reserve currencies including the role of gold and the reserve currencies and the need for a system of currency convertibility.

Decline in Brazil banks' role

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

RIO DE JANEIRO, Oct. 27.

THE EXTREMELY rapid growth of the stock market and other non-banking institutions as source of capital for the private sector and the consequent sharp decline in the role of commercial banks in Brazil was underlined today by Sr. Euzébio Galvães, chairman of the Central Bank, in an address to the higher war college. In 1951 commercial banks provided 62.9 per cent of credits for business but the share today has fallen to 35.4 per cent. The Banco do Brasil's share had fallen from 55.8 per cent to 30.3 per cent, and that of the Caixa Econômica from 9.2 to 6.3 per cent, Sr. Galvães said.

On the other hand, non-banking financial institutions such as the investment banks had increased their share of lending from 2 per cent in 1950 to 34.7 per cent today. Sr. Galvães added that these financial institutions

were generally formed round commercial banks and were becoming financial conglomerates. There were signs, he added, that after a period of great expenditure the banks were beginning to reduce their costs. The effective rate of interest had fallen from 28 per cent per annum in 1965-67 to 22 per cent at the end of last year. The Government, he added, had no intention of fixing lending rates by decree but it did intend to do its best to reduce them.

Coincidentally, the report of Sr. Galvães speech in the Jornal do Brasil lies alongside an advertisement for one mutual fund which reports a 1,088 per cent rise in its price in 33 months and an increase in its assets from 367,000 cruzeiros in October 1968 to 476m. in July this year.

This week's news magazine Veja reports that there are now 1.2m. Brazilians with shares in about 220 investment funds whose total assets reach 4,700m. cruzeiros.

Shares traded by these funds make up 3 per cent of the trading on the stock exchange. Veja's computation of the maximum and the average returns on capital investment in the investment funds reflects the recent fall in market price after the long boom.

The best investment fund results between June 1970 and September 3, 1971, give a return of 390 per cent and the average for that period was 182 per cent. The comparative figures for the period of June 3 and September 3 this year show a maximum gain of 0.9 per cent and an average loss of 13.2 per cent.

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U.S. CARIBBEAN TERRITORIES

Reviewing lies with Uncle Sam

BY HENRY HOWARD, ST. THOMAS CORRESPONDENT

ON AUGUST 13, the United Nations Special Committee on Colonialism asked the U.S. Government to take immediate measures to transfer the powers in the people of the Virgin Islands. The Fourth Committee also renewed its request to send a visiting mission to the islands to study political, educational and economic problems.

These requests have been made before, on account both of the Virgin Islands and of Puerto Rico. They have always been rejected. Washington has come a long way on colonialism since President Roosevelt made the word naughty.

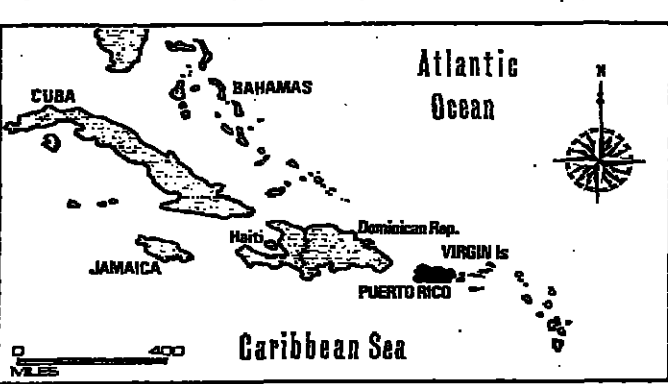
The future of Puerto Rico and the Virgin Islands is important, not only for the stability of the eastern Caribbean, but also for the security of the area, for U.S. Latin American relations and for America's own race problems. A satisfactory constitutional solution for both is, therefore, a matter of concern to Washington as well as to the islands. Of the two problems the more intractable is that of Puerto Rico. Spain ceded Puerto Rico to the United States in 1898. Puerto Ricans became U.S. citizens in 1917, but the island remained an American possession until 1952 when Congress allowed it to write its own constitution. The result was the present Commonwealth of Puerto Rico, whose constitution is better expressed by its Spanish title, El Estado Libre Asociado de Puerto Rico. It is, in fact, a state in free association with the U.S.

Poverty

Commonwealth status was the brain child of Puerto Rico's great Governor Don Luis Muñoz Marín. Because of it, Puerto Ricans salvaged their Latin pride and speech. They were unable to salvage their culture and their customs from the onslaughts made by the march of affluent American industry. To the latter, however, as well as to the vision of Governor Muñoz, they owe their present economic position.

There is poverty and unemployment in Puerto Rico, but from having been one of the poorest areas in the Caribbean, Puerto Rico now enjoys one of the highest per capita incomes in

the West Indies and Latin America. In the middle 1950s, Commonwealth status seemed to be the answer for Puerto Rico. Under it she enjoys quasi-independence, whilst Puerto Ricans migrate freely to the U.S. where they are entitled to full citizenship. Puerto Rico, containing a population of 2.7m. in a land area of 3,455 square miles. In addition, there are 1.5m. Puerto Ricans living in the United States. The islanders living at home pay no federal taxes and the Government is the recipient of an assortment of



grants, kickbacks and economic aid from Washington that many States of the Union must envy. Puerto Ricans, in short, seemed to be making the best of all worlds.

However, in 1967 increasing clamour for a revision of the constitution by those who wanted Statehood and those few who wanted independence, led to the holding of a referendum. The final vote was: Commonwealth 428,081; Statehood 273,815; Independence 4,205. There the matter might have rested but for politics. In 1968, a split in the Popular Democratic Party (PDP) which under Muñoz Marín, had ruled Puerto Rico for so many years, led to the election of Don Luis Ferré as Governor. Although not in complete control of the Legislature, the Governor, a long-time advocate of Statehood, threw all his own not inconsiderable resources and those of his pro-Statehood New Progressive Party (NPP) into renewing the constitutional battle. He did the small but vocal Pro-Independence Party (PIP).

Soon, therefore, the three alternatives posed by the 1967 referendum will again have to be put to the electorate. Voting is likely to be on party lines as if

was in 1967, though the outcome of the Commonwealth Statehood issue may be harder to predict. From Washington's point of view, not every prospect pleases. Whatever Uncle Sam does, the Fourth Committee, Cuba and the Independistas will cry colonialism. The United Nations, however, has been gathered. Castroists, Maoists and Young Lords. The advocates of violence represent a small minority in the independence movement, but they help to provide student riots and bomb explosions in

the Virgin Islands cover an area of 133 square miles. The population of about 70,000 is mainly Negro, although a recent census showed that over 50 per cent of the population in St. Croix is now of Puerto Rican origin. The economy of the islands is not viable and never likely to be. Financially, they are dependent on a considerable tourist industry.

The Virgin Islands also have three choices before them. First, they can remain a territory of the U.S. but obtain greater political fringe benefits, such as the right to vote for the President and a greater say in their own affairs. Second, they can opt for Statehood, provided that Congress is prepared to accept mini-states. After all, even Rhode Island has a population of nearly a million. Only in terms of the Governor's salary can the Virgin Islands make a serious claim to statehood. Governor Melvin H. Evans gets a bigger salary than over half of the State Governors in the Union.

Future

Lastly, they could ask for independence. In the Virgin Islands, unlike Puerto Rico, there is no sharp division of views on the constitutional issue. Some Republicans and some of the wealthier white residents might opt for Statehood on the grounds that this would put Uncle Sam more firmly in the saddle. Most Commonwealth status with, say, thought of the increase in taxation that would follow Statehood and at the loss in Federal fringe benefits now enjoyed only because of Territorial status. No public voice has yet been raised in favour of independence.

For Washington, the problem of the constitutional future of the Virgin Islands is more one of form than of substance. Puerto Rican Independistas, supported by Cuban delegates, keep on popping up in UN. The Virgin Islanders are far too sensible to try that game. But they will, in due course, want a new and more advanced constitution that pays lip service to a voluntary association with Uncle Sam while still allowing them to enjoy the enormous fiscal benefits that derive from being a Territory of the United States.

Export
NewsNew body
to push
sales of
carpets

By John Trafford

A single national export association to promote the expansion of carpet sales abroad, the British Carpets Export Association, is to come into being at the beginning of next year. It is being set up jointly by the Federation of British Carpet Manufacturers (who represent the woven carpet makers) and the Tufted Carpet Manufacturers' Association.

The new association will work through an export promotion council on which both trade associations will be represented. It will aid overseas sales, now worth £30m. a year, through market research and promotion schemes.

The two trade associations have also agreed to establish a national classification scheme for all types of pile carpet. Existing schemes cover woven and non-woven carpets, but hitherto tufted carpet has been excluded.

IN BRIEF

Hawker Siddeley Electric Export has received orders for switchgear worth almost £1m, including two contracts from Hong Kong with a total value of over £500,000 and other orders from Zambia, Fiji, Malta and South Africa.

Short Brothers and Harland, of Belfast, is sending one of its Skyliner light transport aircraft on an extensive sales and demonstration tour of the Middle and Far East.

The aircraft will visit the Japanese International Air Show at Nagoya from October 29 to November 3, and will then undertake a seven-weeks demonstration tour in Japan, Malaysia, Burma, Nepal, India, Iran, the Lebanon and Greece.

The Skyliner has been designed specifically for short-haul, inter-urban passenger work, and has a standard of quietness that meets all noise-level requirements, existing or envisaged, throughout the world.

The West Instrument Division of Gulton Europe has secured a £16,000 order from Saudi Arabia for the instrumentation of three plastic pipe extrusion lines.

Saudi Plastic Products Co. (SAPPCO) of Riyadh is to install three Anger multi-zone extruders for the production of PVC soil pipe under an agreement in which the 'know how' of Chemidus Plastics will be used. West Instrument will supply fully instrumented control cabinets built in modular form to give complete control of the three extrusion lines.

An order worth £23,500 has been won by F. J. Baynes and Co., of Highbury, London and Aylesbury for the installation of the total air conditioning and ventilating plant at the £500,000 Assembly Hall of the Royal University of Malta.

China hints at Scottish
"special relationship"

BY CHARLES SMITH, FAR EAST CORRESPONDENT

THE SCOTTISH COUNCIL, which exists to promote economic development and industrial investment in Scotland, has been invited to send a trade mission to China, its chairman Lord Clydesmuir announced yesterday.

The mission will be the first from any British chamber of commerce or regional organisation to visit China since before the Cultural Revolution. It will leave on November 9 and will visit Canton and Peking, arriving in time for the final week of China's twice-yearly Canton Trade Fair.

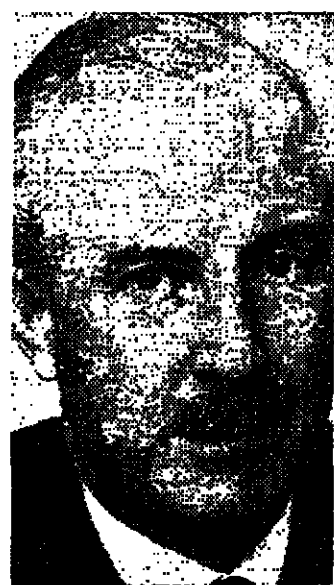
The invitation to the Scottish Council was delivered last Friday when the Head of the Council's Industrial Unit, Mr. Donald Reid, was invited to go to the Chinese Chargé d'affaires' office in Portland Place for talks. The mission is to consist of 10 to 15 representatives of companies based wholly or partly in Scotland with the proviso that no non-British capital should be involved.

Shopping list

China has already given the mission a shopping list which is likely to arouse strong interest among many major companies based outside Scotland. It says it is interested in ships, machine tools, chemical processing equipment, mining machinery, containerisation equipment, port handling equipment, electronic equipment for airfield control systems and avionics.

Many of these items have already been mentioned by analysts of China's import requirements market as promising possibilities for British business. This is the first time, however, that the Chinese themselves have been so explicit.

China's motive for picking out the Scottish Council from the mass of other organisations interested in sending trade missions to Peking appear to be political as well as economic. The Chinese Chargé d'affaires, Mr. Pei Tsien-chang, visited Scotland late last year on a tour which included a number of factory visits.

Lord Clydesmuir—great
things in prospect.

There have been regular contacts with the Scottish Council since then and it looks as if China was attracted by the idea of building up a "special relationship" with Scotland and Scottish business distinct from its normal trading relationship with the U.K.

The Chinese are apparently anxious that as many as possible of the companies on the mission should be predominantly Scottish, rather than major British concerns which happen to have operations in Scotland. A company which could well be included, however, is Ferranti whose Scottish division is headed by Sir John Toothill, a Director of the Scottish Council.

The Scottish mission will be spending roughly two weeks in China which will probably not be long enough for detailed negotiations on any major export contracts.

China took six months to reach agreement with Hawker Siddeley on the Trident aircraft contract which was announced last August and would normally want to spend months rather than weeks negotiating for any of the items on its new shopping list.

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DEALING WITH EASTERN EUROPE—ROMANIA

The basic rules to tackle
the market

It is normal practice for any modern management to carry out a thorough market survey before attempting to start operations in a new area. If this applies to any Western country it is even more important in respect of Romania or any other Eastern European country.

Although Romania has recently embarked upon a policy of decentralising the organisation of its foreign trade, basically its economy is still centrally controlled.

By this it is meant that the country's import priorities are determined by the Five-Year Plan, which is the foundation of the country's economic development.

In the current Five-Year Plan priorities are centred on development of industry and on industrialisation of agriculture. Consumer goods are still considered of lesser importance and luxury goods are a very poor last.

Failure to appreciate this is bound to lead to a considerable waste of time and effort, usually resulting in disappointment and in final disengagement with a market which, if known properly, handled in one of the most promising in Europe. So, if the time has not yet come for manufacturers of consumer and luxury goods to make an effort in this market, there are ample opportunities for manufacturers of machines, machine-tools, complete plant, and a whole range of agricultural machinery.

It is important to mention that although English is making rapid progress not all engineers and other specialists speak it. For this reason it is of enormous advantage that, in addition to English, the literature should be in French and German.

One must not lose sight of the fact that one intends to present one's product in the best possible light and to generate interest and good will. Much of this will be lost if the man reading the material does not speak English; he will either have to have it translated locally and lose interest by the time he has received the translations, or simply set it aside and read the French or German version of a competitor.

Ideally all literature ought to be in Romanian, but if this is attempted it is vitally important that the translation should be of the highest possible standard and double-checked by a specialist. Surprisingly much adverse publicity can be generated for an otherwise excellent product by slipshod translations.

When sending literature at the first approach it is always wise to ask the Romanian buying organisation concerned to forward any inquiries which they may have for items in the range of those illustrated by you.

At this stage it is also important to point out that an approach made by a manufacturer, on his own initiative, while being a very important step in entering the market is a long-term approach. As mentioned before, purchasing is done on the basis of the Five-Year Plan which takes on priorities and hence also on foreign currency allocations.

It follows, therefore, that an inquiry emanating from a purchasing organisation is backed by a requirement provided for in the Plan, and that foreign currency is available; conversely an approach based on a manufacturer's own initiative though perhaps of interest both to the potential final user and to the purchasing organisation may not have immediate chances of success for lack of currency availability. In such cases one may have to wait until the following year, when it may be entered in the plan, or until a special allocation of currency is granted or until another alternative is found.

When the inquiry has been received the following course of action may be followed:

Conform as closely as possible to the specification indicated. Whenever one cannot comply exactly or whenever the company believes it has better proposals, offer as many alternatives as possible.

In drawing up the quotation, divide it into two parts; the technical part, the financial part. In the technical part the company should describe the machine, installation or plant in them to potential end-users.

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In his second article Mr. Gabriel Filderman gives a blow by blow account of how to get into the Romanian market. It would be fatal, he says, to treat the country as under-developed. A sophisticated marketing approach, coupled with patience and a willingness to lose the first few rounds gracefully, are essential for long-term success.

It is important to mention that although English is making rapid progress not all engineers and other specialists speak it. For this reason it is of enormous advantage that, in addition to English, the literature should be in French and German.

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offer the buyers should suppliers to send one or more technical representatives to discuss and clarify technical aspects of the offer. It is most important that these should be readily available, highly qualified in their subject and, where possible, at least bilingual. Interpreters are available in these areas but are of questionable quality and may mislead standings may occur.

Decisions

on the spot

Once an offer has been approved from the technical point of view, there start discussions on the commercial financial side. These discussions may be difficult and are often protracted. For this reason it is most important that the company's representatives should be highly qualified, preferably director level, and authorised to take decisions on the spot. At this stage that diplomatic patience, and elasticity of approach are essential.

Bearing in mind that there are several competitors for the same contract, it is natural that some should be willing to offer improved conditions during negotiations, and unless one is prepared to match or improve on them there is little purpose in ever submitting a quotation.

The order will be placed most cases with the company offering the best plant, at the lowest price, in the best financial conditions (long-term credit, interest rate, etc.).

As is natural in all competitions, there must be some loss. If one happens to be in an unfortunate position it is important not to be disappointed and resentful.

It has often been said that British are the best losers: it is the time to confirm a dictum. It is important to persevere in putting forward offers, perhaps surprising appreciation as showing interest in the market eventually, rewarded.

Cadbury Schweppes
in West Germany

Cadbury Schweppes Overseas and August Storck GMBH of Halle, West Germany, have agreed to extend their three-year-old mutual marketing agreement for at least 10 years and to plan a concerted operation to build the Cadbury franchise in Germany.

This was announced at the end of negotiations in London between principals of the two companies, Mr. Basil Collins, chairman of Cadbury Schweppes Overseas Group, and Herr Klaus Oberwelling, Chairman of August Storck.

Under the new arrangements Storck number two in German confectionery, will market Cadbury's chocolate and confectionery throughout West Germany.

The German company, particularly strong in sugar confectionery, is well placed to give Cadbury lines powerful support in distribution, sales and marketing.

Lines developed by Storck in Germany will be available to Germany.

Mr. Basil Collins—planning
for a decade.

Cadbury in Britain. Already Storck's Merck line is being marketed in the U.K. under the name Give and Take, and Cadbury Count lines are due for early launch by Storck in Germany.

Lines developed by Storck in Germany will be available to Germany.

£4m. components deal
for Ford in Turkey

FORD of Britain has negotiated with Otosan of Istanbul an order worth £4m.—for commercial vehicle and car components to be delivered during 1972.

The order includes kits for more than 2,500 short wheelbase Transit buses which are to be shipped in the coming year for assembly at the Otosan plant. This comprises with 1,000 Transits exported to Turkey already last year and 1,700 this year. The Transit holds more than 60 per cent. of the Turkish light commercial vehicle market.

Heavy commercial vehicles also feature in the deal with a scheduled shipment of 2,200 12-ton D series trucks in the coming year. This is double the 1971 volume and is expected to raise Ford sales in the heavy commercial sector to 28 per cent. of the market.

The rest of the contract consists of 5,500 engines, transmissions and rear axles for the Anadol, a Reliant design, which is assembled in Turkey with British Ford mechanical components and accounts for one half the Turkish car market.

Painter Bros., also a Balfour Beatty division, supplying the Division of BICC, the conductors. Work is due to begin in November, with completion late in 1972.

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European News

U.K. asks Czechs to help stop IRA arms

By Michael Simmons, East European Correspondent

BRITAIN yesterday formally requested the co-operation of the Czechoslovak Government in preventing shipments of arms from Prague to the Irish Republican Army.

The request was made at the Foreign Office yesterday when the Czechoslovak Chargé d'Affaires in London, Dr. Jan Jirák, met Sir Thomas Brimble, a Deputy Under-Secretary, to discuss the IRA's interest in four tons of Czech arms stored at Amsterdam airport on October 16. No specific accusations were made against the Czechs.

At the same time the Czechoslovak authorities in Prague demonstrated their sensitivity to IRA arms issues yesterday postponing "till a later date" the scheduled official visit of British next month of its Foreign Minister, Mr. James Callaghan, had been invited by Sir Alec Douglas-Home, the Foreign Secretary.

The postponement was ordered because of what the British described as "unsubstantiated" Czechoslovak claims that had been created by British media "accusing" Czechs of supplying arms to the IRA.

The Foreign Office said last night that yesterday's visit by Dr. Jirák had been arranged before the postponement was announced.

The Foreign Office expressed regret at the postponement of the visit which it hoped would be re-instated before long.

Mr. Jirák had been seen by a first East European Foreign Minister, apart from Mr. Jirák, to have been invited to visit for talks. He was to have discussed bilateral relations and international affairs, with a problem of emphasis on the European security conference.

If the visit is not soon reinstated, there may however be other reasons for its postponement. The Prague Foreign Ministry has changed several ambassadors in recent weeks—ending its envoy to Britain—ad there has been speculation at Mr. Jirák himself may have been replaced.

Further, the Czechoslovak—Soviet alliance now the Kremlin—have gone to some lengths to attack the "anti-Czechoslovak campaign" with the mass expulsion last month of 105 Soviet diplomats and officials for espionage.

These "campaigns", according to Rude Pravo, the party newspaper, are not separate but interconnected.

N BRIEF

ARIS: Soviet Communist Party chief Mr. Leonid I. Brezhnev visited the U.S. last night, of mingling with China to settle the Vietnam war "behind the backs of the Vietnamese people."

He said that "backstage intrigues" or attempts to impose solution would fail. He did not mention China by name, but a formula was familiar from a Soviet Press.

VATICAN CITY: Lady Jackson, the first woman to take part in a Roman Catholic synod of bishops, made an impassioned plea yesterday for a better distribution of the world's wealth, and attacked the "obsession" of Western peoples with the population explosion. "I merely say that if a man asks for bread and I offer him the pill he will not take it to your eye."

USBN: Bomb explosions yesterday blasted the new NATO headquarters here only hours before President America's arrival was due to inaugurate the \$250,000 building.

BRUSSELS: Mr. Albert Borrell, EEC Commission member responsible for regional policy, will spend four days in Britain next week looking at industrial development problems.

Italian colour TV war hots up

By Peter Tumiati

THE ITALIAN Government is expected very shortly to choose a colour television system, causing the bitter struggle between German PAL and French SECAM systems to reach unprecedented heights.

Diplomatic representations at the highest level by both the German and French embassies in Rome and mutual accusations of libel and slander by the representatives of both systems are underway. In fact advocates of PAL and SECAM claim to be about to sue each other for libel in the Italian courts for their official and unofficial supporters have been saying and writing about each other.

The claims being advanced for PAL and SECAM by their official representatives and the inadequate evidence being presented are so contradictory that observers here are completely baffled. The only point which the rivals appear to agree on is that Italy's choice is of utmost importance.

SECAM is it probably a system of international life or death. The representatives of the French system say that Spain is actually committed to adopting the same system Italy will choose is expected to have repercussions on the decisions to be

Renault gets main foreign stake in Kama lorry plant

By Robert Mauthner

PARIS, Oct. 27.

AN IMPORTANT STEP towards closer economic co-operation between France and the Soviet Union was taken here today with the signature of a 10-year Franco-Soviet economic agreement and a contract between the Soviet Union and Renault, giving the French State-owned car manufacturer the main foreign stake in the giant Kama River lorry plant project in Russia.

The main purpose of the long-term economic agreement, which does not include any specific trade or institutional provisions, is to encourage industrial enterprises of each country to participate in each other's current five-year development plans.

The reasons given by both sides for the unusual length of the agreement is that large co-operation schemes sometimes take years to prepare, as the Kama River project has shown, and a 10-year agreement will allow sufficient time for some of these projects to bear fruit.

Under the contract signed by the Soviet Union and Renault, the French company will provide both technological know-how and capital equipment for the Kama diesel engine plant—one of the six factories which will make up the lorry-manufacturing complex 900 kms. south-east of Moscow.

The plant, which Mr. Soukhov, director general at the Soviet Foreign Trade Ministry, said at a Press conference today would come into operation in 1974, is expected to produce some 250,000 lorry engines of 200-300 horsepower per year, is already under construction. The engines will be of Soviet design.

The contract with Renault, Mr. Soukhov made clear, does not exclude the participation of other French and foreign companies, although French companies would be given priority. The Soviet Union and Renault would co-operate in sub-contracting some of the required equipment. Mr. Pierre Dreyfus, chairman of Renault, pointed out that in the case of its earlier participation in construction of the two Moskvitch factories in Moscow and Ljensk, 1,200 kms east of the Soviet capital, three-quarters of the Fr. 700m. worth of orders for equipment it had received so far had been sub-contracted to various other French companies.

The Soviet purchasing commission in Paris has also asked Renault and other French companies to tender for equipment for the other five factories making up the Kama River project. No details were given today of the value of the Renault contract, which depends very much

on the amount of capital equipment which the company itself will supply. But its approximate worth can be deduced from the fact that the ceiling for Soviet purchases from Renault, set at Fr. 700m. in a protocol signed by the company and the Soviet Foreign Trade Ministry in 1970, was raised to Fr. 1,200m. earlier this month.

Britain wants more speed in EEC talks

By Ragnald Dale, Common Market Correspondent

BRUSSELS, Oct. 27.

BRITAIN today told the Six that work on the preparation of the Treaty of Accession to the Common Market would have to be accelerated after the beginning of next month if the end-year target for its signature is to be achieved. But at a mainly technical session of the entry negotiations on the eve of the vote in the House of Commons Sir Con O'Neill, Chief U.K. negotiator at deputy level, said he was satisfied with progress on the Treaty so far.

The Treaty, which will provide the legal basis for British membership of the Community, is currently being put into shape by a multi-lateral working group of linguists and lawyers. It is due for signature sometime in December, probably shortly before Christmas. Britain has asked to sign it in London, but the Community prefers Brussels.

The Six informed Britain that they could accept an earlier U.K. request for provision to suspend tariffs on imports from the present Community during the transitional period so as to ensure cheaper supplies for industry if needed.

Likewise, the Six said that the U.K. could also accelerate its moves towards the Community's common external tariff for the same purpose, provided that Britain did not apply a lower tariff on goods from third countries than on imports from the Community.

GRIVAS LEAFLETS 'FORGERIES'

NICOSIA, Oct. 27.

LEAFLETS issued here in the name of former EOKA leader General George Grivas calling for a resumption of the struggle for Enosis (union with Greece) over its handling of the situation which led up to the March 13 ultimatum. The party is also demanding modification of proposals for land reforms and a safeguard clause to prevent the Government from using its newly acquired power to rule by decree in emergencies. Earlier this month the withdrawal from the Government of three of the Justice Party's five Cabinet ministers in accordance with party instructions started the crisis.

The Government is today four below its complement of 25 and

The Justice Party retains a marginal majority in the lower house. Although it co-operated with the other major parties in the rapid passage through Parliament of the Government's constitutional reforms it has since taken exception to criticisms of its handling of the situation which led up to the March 13 ultimatum. The party is also demanding modification of proposals for land reforms and a safeguard clause to prevent the Government from using its newly acquired power to rule by decree in emergencies. Earlier this month the withdrawal from the Government of three of the Justice Party's five Cabinet ministers in accordance with party instructions started the crisis.

The Government is today four below its complement of 25 and

Britain backs U.S. view on European defence

By Lorelies Oslager

BRUSSELS Oct. 27.

BRITAIN fully supports the American view that European countries should not relax their defence efforts in anticipation of possible talks with the Warsaw Pact on mutually balanced force reductions, informed sources said here today.

But Britain does not feel that Mr. Laird's criticisms of the Europeans last week concern her, as she has just announced a \$70m. increase in her defence spending. The Germans also felt that the remarks were not addressed to them.

Mr. Laird failed to name the countries he had in mind during the two-day meeting with five of his European colleagues, which ended here today. The meeting of the Nuclear Planning Group (comprising Belgium, Denmark, Italy, Germany, Britain and the U.S.) was officially concerned with planning the use of tactical nuclear weapons on the European battlefield once the first nuclear shot has been fired, but the U.S. Defence Secretary reiterated his remarks on

defence efforts in bilateral meetings with his colleagues.

The sources said that Lord Carrington, the British Secretary of Defence, would discuss the future of the Eurogroup that was formed within NATO last year to improve and co-ordinate European defence efforts when he meets Herr Helmut Schmidt, his West German counterpart, in Bonn next week. Britain feels that the plan for a \$800m. increase in the Europeans' defence spending over five years that was agreed by the group should not be a once and for all thing, the sources said.

Further studies

Lord Carrington and Herr Schmidt will also discuss possibilities for "formalising" the group, but no definite proposals are likely.

The Nuclear Planning Group commissioned further studies on the use of tactical nuclear weapons and will meet again in Denmark in the spring.

HUNGARIAN ECONOMY

Shortcomings despite reform

By Michael Simmons, East European Correspondent

ONE of the toughest Ministers in the Hungarian Government under the label "New Economic Mechanism" — have been watching especially closely the Hungarian experiment has some very good points, though they admit that because of the conservative nature of the Soviet economy they could hardly emulate what has been achieved on such a small scale by the men of Budapest.

More recently, he has developed a reputation for answering back. Earlier this month a Budapest daily newspaper published a cartoon depicting "a far-sighted building manager" as one who was trying on a prisoner's uniform that he was having made to measure. The Minister wrote to the paper, Magyar Nemzet, protesting against what he thought "an unfounded slander" implying that building managers were "criminals" and demanding a retraction.

He got it, but that did not stop the flow of anti-construction industry jokes. A few days later, a weekly satirical journal, Ludas Matyi, carried a cartoon showing a new multi-storey building, leaning precariously. Under the heading "Architecture, one person in the cartoon says to a second: "Shocking ground conditions nowadays."

An efficient capital construction industry is, of course, essential to the economy. If it fails, or if there are unexpected bottlenecks in supplies, then the critics and the planners tend to be up in arms and projected growth rates, particularly where new investments have been taken into account suffer. Mr. Jozsef Fock, the Hungarian Prime Minister, has several times this year had to draw attention to the "unbearably high" level of uncompleted investments.

The concern felt by Mr. Fock and those in the party and Government working with him, has grown more noticeable in recent months. This matters particularly since Hungary's decentralised methods of

economic management — embarked upon, in January, 1968, under the label "New Economic Mechanism" — have been watched especially closely by planners elsewhere. In Poland, for instance, there is a school of thought—which has gained in strength since the going of Mr. Gomulka — favouring some adaptation of "Hungarian" methods to suit local conditions. Even some Soviet economists have acknowledged that the Hungarian experiment has some very good points, though they admit that because of the conservative nature of the Soviet economy they could hardly emulate what has been achieved on such a small scale by the men of Budapest.

Local managers

Budapest's concern has arisen, in a nutshell, because the country is suddenly living beyond its means. As Mr. Tivadar Nemeslaki, one of the country's leading trade unionists, put it last month: "Problems in implementing investment policies, the balance of payments deficit, the national budget deficit and the shortage of manpower have been obstacles to faster economic progress and effective changes for a long time." And it was to discuss these problems that last week's extraordinary meeting in the Budapest Parliament of economists and party leaders was called.

One of the accomplishments of the "mechanism" has been to give local managers considerably more independence in decision-making, particularly in regards investment and wages and to subject them to market influences at home and abroad. This has bred a spirit of competitiveness and an openness, with managers encouraged to discuss their problems comparatively vigorously and freely.

One result has been an atmosphere that has until now been more relaxed than almost anywhere else in Eastern Europe when it comes to discussions of economic policy-making. Sometimes this relaxation has

been taken too far; hence the growing concern of the planners. Last Friday's meeting elicited, in a surprisingly frank discussion, the thinking of a broad cross-section of economic managers. It was Mr. Fock—who on this occasion led on this occasion by the Prime Minister—who made it plain that things could not go on as they were. This emerged despite an initial claim that "basically, in the last three years, the economy has developed soundly" and that "many economic processes were developing favourably." The growth rate, in the first six months of this year, was at an annual rate of about 5.6 per cent as planned.

The burden of Mr. Fock's message was that "a situation contrary to our economic management system has come about. Some of the details, in particular sectors, were as follows:

1—Investment. The amount of unfinished investment is still "unacceptably high," amounting to about 80 per cent. of the total calculated for one year. Too often, Mr. Fock said, "technically and financially unfounded" investments were being embarked upon. Accordingly, the Government would maintain tighter control—through the Planning Commission watch-dog machinery—over investments, which will next year be frozen at this year's level. Six "major" projects (unspecified) will have to be postponed.

2—Mismanagement. The Government had to deal more severely with enterprises "producing uneconomically." Economic "crimes"—chiefly selfishness, greed and hoarding on the part of the managers—had to be accounted for before the law. Much more effective use had to be made of existing resources and top-heavy administrative staffs had to be cut down, by sending "white collar" workers into productive work if necessary.

3—Trade. Unnecessary imports would have to be checked. These climbed by 24 per cent. in the first six months of this year, while overall exports went up by only 1 per cent. Hungary had a deficit of \$450m.

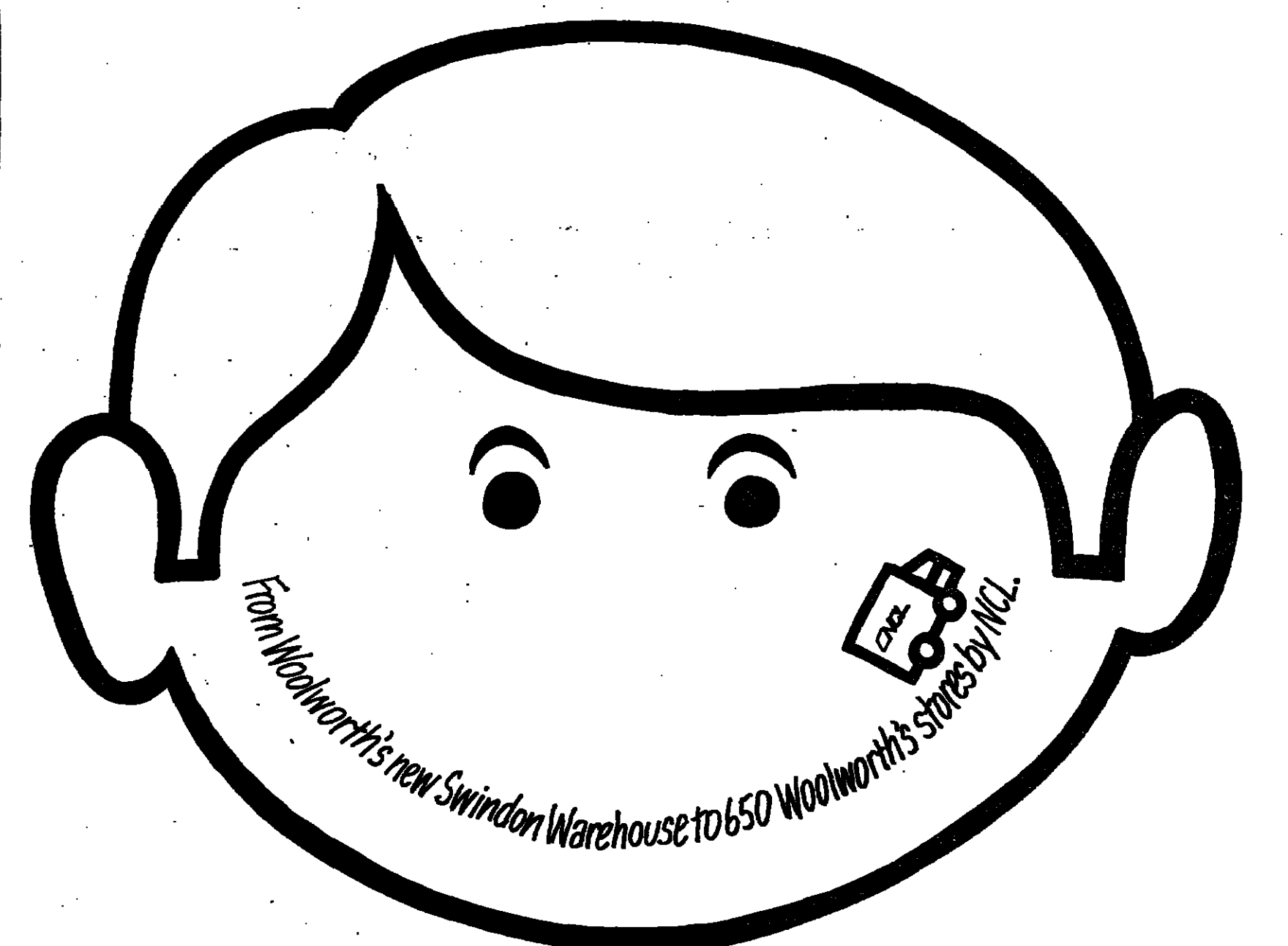
in a turnover of \$2,500m. in the same period, including an adverse balance with every trading partner in Eastern as well as Western Europe. Mr. Fock blamed "the recession" in the West and last year's poor harvest for the fall in exports, adding: "We must meet our export obligations to the socialist countries come what may..."

4—Manpower. Here the shortcomings caused serious problems in certain areas. "We have factories," said the Prime Minister, "where there is production only in one shift owing mainly to the manpower shortage. Often these are not even at full capacity, although these factories are equipped with modern technology on which we have spent millions." Consequently, a closer watch had to be kept on the use of labour reserves. Pensioners, for instance, should be encouraged to keep working and "shop-floor democracy"—where problems causing excessive labour mobility could be aired—should be encouraged. Nevertheless, regulations allowing people to acquire "undeserved wages" from second, even third, jobs were being tightened.

Radical

All this indicates that, while the economy may indeed be "basically sound," there are a lot of cracks at the joints. Mr. Fock and his co-planners admitted that the problems were many and that much re-thinking and remedial action was called for. "Hard but inevitable" measures would have to be introduced, the Prime Minister told the activists.

In other words, a much-prized reform, as radical in its own way as anything that happened in Eastern Europe even in the immediate post-war years, will be allowed to continue—but with closer control from the centre. "We demand," Mr. Fock pointed out, "a high degree of firmness in the implementation of the measures and we demand it at all levels of economic management." It is the end of an era in Eastern Europe.



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Common Market Debate

Benn warns against marching Britain in

WITH compelling speeches from Mr. Anthony Barber, the Chancellor, and Mr. Anthony Wedgwood Benn, the Common Market debate moved with gathering force in the Commons yesterday towards to-night's climactic vote.

No-one could have mistaken these Tonys for twins—but each in his own style left a permanent political impression on a debate that has often been lack.

Mr. Benn was the populist: manning the barricades against this "temporary coalition" of Government and Labour MPs, claiming the divine right of kings

rather than that of the polls to decide the people's future.

"You cannot march the country into the Common Market," he warned Mr. Heath. Particularly not when the road would lead through nuclear partnership to federalism.

Mr. Benn admitted to many doubts—an admission that seemed to win sympathy in many outwardly certain corners—but he was sure of one thing at least.

Mr. Heath's signature on the Treaty of Rome would not end the debate. "It will not commit the Opposition which

entirely reserves its rights," he said. "It will not commit the people because they will have had no part in it."

"It will precipitate a major crisis and unleash the biggest constitutional and political struggle we have seen in this country for many years."

Before Mr. Benn's populism—which at times spun the Commons into the dizziness one would expect from the promoter of the gas centrifuge—came Mr. Barber's political economy.

Short on the economy but long and scathing in its politics.

The economic effects of entry were a matter of judgment, he said, not of proof. "My own judgment is that membership will strengthen our economy in two important ways. It will promote and assist industrial change in a way which will lead to a better and fuller use of our national resources and manpower. And it will give us a more effective voice in deciding questions of economic development in the world."

This was genuinely the parting of the ways, said Mr. Barber. The end of one era and the opening of another. At such a point "this

country's destiny is not to be weighed in the scales of party advantage," he said.

Throughout Europe, political leaders were now weighing and wondering over the imbalance between Mr. Wilson's past words and present actions; over the tragic fall below the level of statesmanship.

Mr. Barber tested the scales himself with some selective quotations: the Tories cheered; and the Opposition Leader looked more uncomfortable than he has for years.

Philip Rawstorne

LORDS

'Regions, farms, fisheries will sway MPs' votes'

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

OPPOSITION front bench peer, Lord Hughes, last night told the Lords of anxieties over the Common Market which he believed would sway the votes of some MPs when Parliament divides on the issue at 10 pm to-night.

The main issue—which he felt would prevent most Scottish MPs from supporting entry—was the one concerning regional policy. Other doubts were over the terms for agriculture and fisheries.

For his own part, Lord Hughes said that although theoretically in favour of entry, he had decided only a few days ago that on practical grounds he could not support the entry application.

Earlier, Paymaster General Viscount Eccles admitted that joining the Common Market was "an undeniable risk."

He added: "To stay out would be to settle for a much duller life with fewer opportunities for the young and a dwindling prospect of a safe and comfortable old age for the rest of us."

He demanded from anti-Marketsters a more convincing explanation of how Britain would fare if we stayed outside the EEC.

He said: "We have had no description capable of inspiring the most reactionary schoolboy of how, not just during the present period, but over the coming generations, Britain on her own could either be more prosperous or more industrious."

No-one had explained, said Lord Eccles, how we could hope for more influence in world affairs, where we could look for alternative and equally attractive markets for our goods or suggested that the opportunities would be as great for our invisible exports.

He said three new factors bore directly on the decision to be taken: the devaluation of the dollar, the rise in the number of unemployed in this country and the growing recognition of the need to embark on policies for improving the environment on a scale which would be severely limited if we acted on our own.

He said: "Britain is neither big enough nor small enough to go it alone outside any group of nations. Therefore we have to join with those countries with whom co-operation will give us the best possible prospect of growth and stability."

If we stayed out we should go on being crippled by the vulnerability of our economy to the whims of the weather and the devices by the stresses and strains imposed on us by great powers and the EEC. But if we go in, we shall have considerable influence."

"We should constantly be warned not to invest too much in common economic policies for fear of damaging the balance of payments."

"Our problem—and it is the same problem in every country of the Six—is to reconcile the creative qualities, ambitions and dreams of each individual with a fresh enthusiasm for co-operation with others on behalf of society as a whole."

"We are coming to a turning point in politics and the immediate future will be uncertain and difficult. I would much

rather work through this period of radical changes with strong partners than alone."

Lord Avebury (L.) said there were risks in joining, but he added: "One has to come to the conclusion that entry is going to benefit both this country and Europe as a whole."

He claimed entry would generate increased wealth for both the U.K. and the enlarged Community.

The Bishop of Blackburn, Dr. Charles Claxton, thought that far too little of Britain's gross national product was made available to the under-developed countries.

He said: "The question to be asked is whether, through entry, we can secure a larger and fairer distribution of wealth to these countries."

"I am told that outside the European Community Britain will be of diminishing importance in this respect, but within it we can be a most persuasive advocate."

Lord Astor of Hever in his maiden speech said there were many politically motivated forces which, while preaching peaceful co-existence, were doing everything possible to bring about the annihilation of our Western capitalist society.

"We see the basic elements of revolution and subversion emerging. The aim is that the existing established orders should destroy themselves by demoralisation or civil war and it is the opinion of the Six that more people are growing to favour it."

"My own conviction is that there are no alternatives for Britain's security and sovereignty if we do not join the Six."

"It is my firm belief that Britain's great step into Europe will mean a stronger Britain, a stronger Europe, a more satisfied Commonwealth and a more peaceful world."

Election call

Lord Soper (Lab.) said he did not agree that a referendum should be taken on the Common Market, but he added: "A general election is required as a kind of fulcrum on which we can base our decisions."

It was highly dubious, he said, whether a large Common Market would serve the general interests.

"I want this country to be free to align itself with new Governments which will once again be free to make decisions for the nation. I am implacably hostile to a programme which seems to me to move the opposite direction," said Lord Soper.

Lord Oakshot (C.) said: "I can see no real threat in the Community institutions to the supremacy of the Queen or Parliament. If I did, I would feel differently about our membership."

Lord Chalfont, a former Common Market negotiator, said: "The terms are as good as anyone who has been closely connected with the negotiations ever expected to get."

"Those who believe they could get substantially better terms than the present Government have negotiated are in my

opinion deluding themselves."

Lord Chalfont maintained that entry would probably, but not certainly, have an adverse short-term effect on the British economy.

"It will probably, but not certainly, have an advantage effect in the long term. I would go further and suggest that any case this is to put the whole argument at the wrong level."

"It seems to me foolish and irresponsible to become obsessed with the cost of living today that we lose sight of the quality of life to-morrow."

There was an over-riding political case for entry, and if we had to pay in the short term an economic price entry—and this was by no means conclusively proved—it was price worth paying.

"In the long run, the prosperity of the people of this country will depend on the security of the country, not on the narrow defence sense of the world, but security in the wider sense of the capacity of this country to exist in a political environment, safe, far as possible, from the consequences of war and subversion."

"Most people in Britain, particularly the poorer people, want to make not only Britain, but the rest of the world, a safer, more comfortable and more civilised place for themselves and generations to come."

"By far the greatest and most urgent problem is the need to ensure that the resources of the world are more intelligently and humanely distributed than they are at present."

He added that, unless something was done about it, "hungry and homeless people in the third world, they would do something about it themselves."

"We may find our comfort and prosperity society the violently torn apart," he said.

Lord Chalfont said we live increasingly in world of states where there was no place of power or influence for the small nation state.

With Britain, the Common Market could grow faster, economically and politically, and if we chose to remain outside it, we should have no power to influence decisions necessary for a safe and civilised world in the 21st century."

"The prevailing mood is one of enthusiasm or hostility. It is apathy. Public opinion is a complex amalgam of emotion and instinct, played upon by mass communications, often manipulated for private gain or sectional interests."

"The task of the political leader, therefore, is to deploy the powers of intellect and leadership which brought him to leadership, choosing the right course and if he is convinced he is right, to stand by his convictions."

Lord Chalfont said he would support the Government in the vote.

30 in a class

AVERAGE SIZE OF CLASSES in Scottish primary schools should be down to "at most 30" by 1974-75, the Secretary for Scotland, Mr. Gordon Campbell, said in a Commons written reply.

COMMONS

Matter of judgment in the end—Barber

THE Chancellor of the Exchequer, Mr. Anthony Barber, said in the Commons that Britain was not seeking a refuge from a bleak and hostile world by joining the Common Market. "We are not acceding to the Treaty in a spirit of safety first."

Earlier, Mr. Barber had said that the decision on Common Market entry was probably the greatest peace-time issue to be decided in this country in this generation.

"There is nothing small, trivial or ephemeral about the matters on which we have to reach a conclusion. This is genuinely the parting of the ways; it is the time that marks the end of one era and the beginning of another," said Mr. Barber.

Final analysis

He said the cost and benefits could not be translated into a common measure involving political issues, economic values and social values.

"In the last analysis—and it is the last analysis which we are trying to make in this debate—when all the argument, statistics, historical analogies and economic forecasts are exhausted, it must, at the end of the day be a matter of judgment."

Mr. Barber said it was not the view of the Commonwealth that Britain would be deserting them. He recognised that the process of disengagement from an imperial power was a difficult transition for older people in particular to accept, and it had left them with a sense of loss.

"It has deprived the younger generation of, at any rate, that sense of immediate purpose which has drawn out the best of our talent in the past."

But Britain could now look forward to co-operation and have the opportunity of a new purpose in working towards a new goal more worthwhile than a programme based on purely national lines.

The Chancellor said partnership was an equal enterprise bringing the chance to learn and to lead. There was nothing chauvinistic about Britain's role in Europe.

"We are not joining merely in order to seek refuge from a bleak hostile world. We are not acceding to the Treaty in a spirit of safety first. We shall join the Six as a proud and powerful country able and ready to make its full contribution."

Give leadership

He said we would bring to Europe an infusion of strength of ideas and experience and would help to provide that leadership which the enlarged Community could give to the world.

"We told the 'out and out opponents' of entry on the Opposition front bench: 'This country's destiny is not to be decided in the scales of party politics. It is an issue of international dimensions, not purely national dimensions.'

"Our membership will result in a lowering of tariff barriers across American roads in our market. We in the U.K. know it is essential in the interests of ourselves to safeguard and enlarge the freedom of trade and with our fellow

members that will be a prime aim of our policy."

Mr. Barber said that not many objective observers would say we were better placed to join in 1967 than we were to-day.

He referred to a remark made on Tuesday in the debate by Mr. William Ross, "Shadow" Scottish Secretary, when he found depressing. "He said: 'We are told we shall have the benefit of competition which means that companies all over the country will go to the wall.'"

What an appalling reflection on Scottish industry," said Mr. Barber.

Mr. Ross intervening said: "The position of many companies, small and large, in Scotland, as a result of what has been done, is going to be desperate."

Mr. Barber: "That is not the view of Scottish industry."

Mr. Barber continued: "One after another, the Ministers of the Six have asked me 'Why is his mind?' Wilson has changed his mind."

"They cannot understand how a man who has held the office of Prime Minister can fall so tragically below the level of statesmanship on an issue as great as this."

His constant cheers from Conservative backbenchers.

Mr. Barber said Labour MPs had tried to pretend that the Labour Government would have renegotiated the Community's agricultural policy.

But there had been no hint of any reservation on this in the Labour Government statement of July 4, 1967. "They knew and accepted that such an approach would have been doomed from the start."

Figures inexact

"Mr. Wilson was unequivocal on this," said Mr. Barber. At this point, Mr. Wilson intervened to say that the report of what was said at the time invited Labour's refusal to accept the arrangements made under the Common agricultural policy.

Mr. Barber drew cheers from Conservative MPs when he went on to quote: "It is useless to think we can sign away the CAP and I should be misleading the House if I suggested this policy is negotiable."

There was laughter from Conservative MPs when Mr. Eric Heffer (Lab. Walton) intervened and began to quote from a speech by Lord George-Brown (then Mr. George Brown) at the Labour Party conference in 1969.

Lord George-Brown, who was listening intently to the debate in the Peers gallery, grinned broadly.

Mr. Heffer said Lord George-Brown had stated that, in putting in Britain's application to join, he specifically reserved Britain's position on the CAP and other issues.

Mr. Barber: "Everyone knows that Lord George-Brown was talking about what were the transition arrangements."

Dealing with the allegations that the Government had failed to provide more statistics and facts, Mr. Barber asked: "What is the possible advantage can there be in displaying spurious qualifications of one kind or another with all the meretricious appeal

of exact figures when, in all honesty, we know that in some instances the magnitude simply cannot be predicted?"

It had been alleged from the Labour benches that the Government had refused to indicate the range of future British contributions to the Community budget between 1977 and 1980.

But the Labour Government's own White Paper, dealing with the effect on total balance of payments in connection with membership, had given a range of figures between £100m. and £1,100m. "Such figures are utterly useless," said the Chancellor.

He said the Labour Government itself had recognised that it was impossible at this stage to make useful forecasts of the size of the Community budget and of the scale of our levies and duties in ten years' time.

The Labour Party had more recently published with the authority of its National Executive, a document purporting to quote the TUC as saying the increased outflow of investment capital should be far greater than what they called "the official estimate of £100m."

"But what is the official estimate? It is a figment of their own imagination for there is no such official estimate."

Mr. Barber said he doubted if anyone in the House disagreed that we must be prepared to accept the freedom of capital movement provided for under the Rome Treaty, and under subsequent directives. He commented that Mr. Wilson had said the same thing.

Mr. Wilson intervened to say Labour's view had been that they would not agree to this freedom of movement until they could be sure there would no further movements "across the Atlantic."

Mr. Barber disputed that any such qualification had been mentioned.

Our contributions to the Com-



BENN... Heath has forgotten the people.



BARBER... Benefits cannot be measured.

munity budget would be built up gradually over the transitional period. And by the end of this period our visible trade exports and imports at 1970 prices was likely to be "something around £24,000m."

Benn's doubts

Mr. Anthony Wedgwood Benn, "shadow" Secretary for Trade and Industry, said he had joined in Cabinet discussions of the last Labour Government and supported Britain's application. He had done so with doubts as to whether Britain could do so within the Market as outside.

Much play had been made of the attitude of members of the Labour Government in 1967. It was known now, and had been known then, that they had had great reservations about the application.

"I can say what they cannot say. Their decisions were wholly reserved then, and the Cabinet and everybody knew that when the application was made one reserved one's judgment until the negotiations had been completed."

He added that it would be a dishonest way of presenting the means by which policies reached its decisions to suggest there was total Cabinet unanimity when everyone knew that in political decision-making you had to reserve your position until you

saw how the final choice had to be made.

"I must claim to reserve the same freedom to comment on the terms negotiated by another Government as I would have had on the terms negotiated by a Labour Government."

He agreed that the economic predictions could not really be advanced as solid grounds for reaching a decision.

Mr. Benn said no Government since the war had succeeded in achieving growth, a surplus, stable prices, higher productivity and full employment at the same time. "Therefore, I agree we should not base a case on economic forecasts."

"But if we don't base our case on a forecast, at least the House should have had a chance to know what the best forecasts were."

He said many matters, including the £250m. Lockheed loan, had received a more detailed consideration than what the Chancellor of the Exchequer called "the decision that ends an era."

"The fact is, this is not principally an economic issue at all. The Government says it is a political argument, the people sense it is a political argument and history will confirm it to have been a political decision."

Mr. Benn said Europe did not really need Britain's money or her Common Agricultural Policy. It did not even need her technology. What is really needed was the thing Britain must preserve if she were to go in. Our experience of Government by consent.

"The Prime Minister can leave this House and sign the Treaty of Rome and no one can stop him, but he cannot take this country into Europe by signing the treaty."

"It will not commit the Opposition which entirely reserves its rights, it will not commit the British people."

But it would result in a major crisis—and unleash the biggest constitutional and political struggle we have seen in this country for many years."

"I have said before in anger and I say it again now quite coldly, the Prime Minister has forgotten the people and in the end the people have their way."

Studies on Chunnel 'going well'

By Justin Long

FINAL studies on the Channel Tunnel project are "going well" and the Government hopes that negotiations covering the further stages of the scheme will have been successfully concluded by the first half of next year.

Within this period a report would be received from the joint private group authorised under the Anglo-French agreement to pursue these concluding studies, Mr. John Peyton, Transport Minister, told the Commons at question-time.

The Minister assured Tory backbenchers that the complementary road links vital to the scheme would not be overlooked. He also assured MPs that the environmental questions associated with the project—causing particular concern to people in Kent—would be "rigidly watched and controlled" if the go-ahead was given.

During further exchanges, Mr. Peyton warmly denied a Labour suggestion that he had abandoned completely social criteria in considering which unremunerative railway branch lines should be retained.

Unremunerative passenger services which no longer offered value for money had to be dispensed with, said the Minister. But this did not mean he omitted social values.

Where lines were closed very substantial aid was given for rural bus services. One of the difficulties was the reluctance of some local authorities to use this assistance.

Reflationary moves by Dublin

BY DOMINICK J. COYLE

AN immediate 10 per cent increase in Government spending, a reduction in the level of company taxation and the complete abolition of all hire purchase restrictions from midnight to-night were the key elements in a surprise reflationary package announced here by George Colley, the Minister for Finance.

Mr. Colley chose the opening day of the new Dail (Parliament) session to unfold his package aimed at providing "a moderate stimulus to economic activity and to encourage business confidence." Inevitably there was immediate speculation that a General Election might be fairly imminent.

The timing of the measures is hardly insignificant, since the

Opposition was determined to divert at least temporarily the national debate away from the Northern Ireland crisis and to domestic economic affairs, including the continuing high rate of unemployment and the exceptional level of redundancies—which have been running at more than twice the rate of last year.

The Government is now to increase its expenditure on the capital programme this year by roughly £20m., or more than 10 per cent. The Industrial Development Authority is to get an additional £5m. for grants to new industries, although Mr. Colley conceded that much of this extra money was already tentatively earmarked for new

in the home market.

Agribusiness gets an extra £5m. projects attracted from abroad. A further £5m. is being spread among new tourist developments, housing, telephones, the school building programme, forests and the ESB. The State was undertaking. There is an extra £2m. for direct Government investment in private companies.

The measures on hire purchase are complete. All restrictions are lifted from midnight to-night on hire purchase restrictions on credit sales and hiring and leasing, such as rented TV and contact car hire. Their removal, said the Minister, should give a fillip to business activity and help to safeguard employment in the home market.

Houghton stays: will vote for Six

MR. DOUGLAS HOUGHTON, said yesterday that he would not be resigning his office as chairman of the Parliamentary Labour Party over the Common Market issue.

But he told a Parliamentary Press gallery luncheon in the Commons that he would be voting in favour of the Government motion to-night, which recommends entry on the terms negotiated.

His statement brings to an end days of speculation that his firm pro-Market views and determination to defy the three-line Opposition whip, would force him to stand down.

Repudiated

Mr. Houghton said: "I'm told that to vote for the motion is to keep a Tory Government in office. I must firmly repudiate this belief. How can it be when so many Tories are reported to be going to vote against it? If those Labour MPs who vote for the motion are to be accused of voting to keep Tories in, does anyone believe that the Tories who vote against it are voting to turn them out? Or to put Labour in? Of course it would harm the Government if they lost the motion, but it would

harm the country and the EEC even more.

"Whoever lobby we go in, we shall find some strange bed fellows. The Opposition lobby will look strange with Enoch Powell in it, not to mention a nice bunch of Right-wing Tories."

"For my part, I shall vote for the motion, not for the Government. Not for Mr. Heath and all his works. I hotly deny this. I vote for the principle of entry and I think the terms so far negotiated are good enough as a basis for doing so."

He was voting "to uphold one of the principal aims of the last Labour Government. I shall vote for what was Labour Party policy until a few weeks ago—entry in principle if the terms are right is still, I believe, Labour Party policy."

Angry he asked: "Are some of us to be branded as rebels, deviants or worse, in the best authoritarian manner simply because we can't abandon long and deeply-held convictions?"

He had decided that this vote did not call for his resignation and he would not. I would in almost any other area sink my own views to vote with the majority of the Party, this situation is so exceptional and the division of opinion so strong, that I feel I must not only vote for

the motion, but stand by others who may do the same.

"I think it better that I should stay and do what I can during the next week to bring the Party together again. I want to make a bid for peace, to close the ranks and get back to a united onslaught on the Tory Government. I can't believe that all the comradeship built up over the past 18 months is going to be thrown away now."

Assurances

"The first move must be made by those of us who vote for the motion. If we want the majority of the Party to meet us in this—as we do—we must offer some firm assurances about the future."

"I believe we can do so if we distinguish clearly between the virtually free-trade on the broad issue of principle, and which I continue to insist is not a vote of confidence in a Tory Government, and the vote on the consequential legislation to follow next year."

"No Government, least of all this one, can expect to be bailed out on major and contentious legislation by members of the Opposition."

Mr. Houghton said the Government must rely on its own supporters or go. "The Conservatives asked for office,

they got it on promises and policies which have discredited them ever since. So they can count us out."

Mr. Houghton said that some might think it illogical, wrong or even a nonsense to give the green light on the principle of entry and then throw boulders on the track.

This overlooked the working of our Parliamentary and political system, the essential conditions of stability of Government which the party system alone provided, and our hostility to so much of Government policy generally."

"The truth is that the Government hasn't the Parliamentary strength for all it wants to do. They can't expect any help from the Labour benches nor, I hope, will they get any. We must straightaway return to normal, and wage the party fight against this Government."

The real battle on all issues of Government policy would be fought next week and in the months to come.

"That is what I call on all who vote for the motion to do. Then we can begin the new session united and resolved on our opposition to a Government which in its general policies has forfeited the confidence of the country."

Other Overseas News

Consortium hard line likely to Pakistan

By Adrian Dicks

PARIS, Oct. 27. The World Bank's Aid to Pakistan Consortium is likely to stick to its refusal of assistance to Pakistan during the current financial year.

This impression emerges from yesterday's meeting here of the Consortium's members, which agreed that the Consortium should try to meet "a substantial part" of the total needed for the 7.5m. refugees who have now entered India from East Pakistan.

There had been suggestions that the Consortium, after unanimously recognising its members' responsibility towards the refugees, would turn its attention to the question of providing assistance to Pakistan. This has been the pattern of past meetings of the Aid to India Consortium here. For Pakistan the issue is coming to a head with the expiration on Sunday next of the six month moratorium declared by General Yahya's Government on repayment of its interest due on past Consortium loans.

No Western country, according to well placed sources here, is willing at the present time to do anything overt which may be interpreted as providing aid to Pakistan. The issue appears to have been discussed only in the broadest terms. This fairly tough position became known here today after yesterday's meeting of the Aid to India Consortium, under the chairmanship of Mr. Peter Cargill, of the World Bank, had accepted a figure of \$700m. as the cost to the Indian economy during the current financial year of caring for the refugees now in West Bengal.

The meeting's published communiqué, which the Indian Government is likely to regard as a considerable diplomatic success following its own special revenue-raising measures last week, said that members of the Consortium regarded the refugee problem as "an international responsibility."

Sato wins confidence vote on China policy

TOKYO, Oct. 27.

PARLIAMENT today rejected an opposition motion of no-confidence in Foreign Minister Takeo Fukuda's handling of Japanese policy towards China. The motion, presented to the 491-seat Lower House by three opposition parties, was defeated by 274 votes to 186.

The ruling Liberal Democratic Party has 301 seats in the Lower House, but some members earlier had threatened to boycott the voting because of their opposition to the Government's strong pro-Taiwan policies.

The no-confidence motion came a day after the UN seated China and expelled Taiwan. Japan co-sponsored a rejected resolution seeking to keep Taiwan's seat and opposition parties blamed Mr. Fukuda for what they described as a "major defeat for Japanese diplomacy."

In Parliament yesterday they had also demanded Prime Minister Eisaku Sato's resignation.

At an earlier Upper House session, Mr. Sato and Mr. Fukuda pledged to make positive efforts to normalise relations with China, following its admission to the UN.

Mr. Sato said he was strongly hopeful that China would agree to negotiations with Japan on the basis of mutual respect and understanding.

As things stood today, the Prime Minister said, the People's Republic of China ruled the Chinese mainland and Nationalist China ruled Taiwan. Both sides claimed there was only one China, but no foreign country had the right to interfere in a dispute that had to be settled by the involved parties.

However, it was a historic fact that Japan, by having concluded a peace treaty with the Nationalist Chinese (in 1952), had laid the foundations of present policy, Mr. Sato explained.

Meanwhile, China celebrated its election to membership of the United Nations, claiming the

Celebration

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However, it was a historic fact that Japan, by having concluded a peace treaty with the Nationalist Chinese (in 1952), had laid the foundations of present policy, Mr. Sato explained.

Meanwhile, China celebrated its election to membership of the United Nations, claiming the

action was a major defeat for the United States.

Almost all speeches, broadcasts and newspaper articles from China took the opportunity to lash out at the United States and Japan.

Chi Peng-Fei, acting Chinese Foreign Minister, set the tone when he said: "This is a victory of the people of the whole world and it is the complete bankruptcy of the policy long pursued by U.S. imperialism."

Reuter, UPI

Nigeria seeks control of Shell refinery

By BRIDGET BLOOM, AFRICA CORRESPONDENT

THE Nigerian Government is negotiating with Shell and British Petroleum for a controlling share in the Port Harcourt oil refinery. According to reports from Lagos, the negotiations are expected to end early next month.

However, a report in the Nigerian Daily Times to the effect that Nigeria had begun negotiations for Government participation with Shell-BP, the country's major exploration and production company, has not been confirmed. The newspaper, quoting "reliable sources," said that Nigeria would probably seek more than a 33.3 per cent share in Shell-BP's operations. A Shell-BP spokesman in London has denied that negotiations are under way.

Shell and BP each have a separate minority shareholding in the refinery, in which the Nigerian Government at present has 50 per cent. The two companies combine, however, in exploration and production to form Shell-BP. It is possible that confusion between the two may have led to the Daily Times report.

On the other hand, the newspaper's report may prove to be premature, rather than incorrect. In the past year, Nigeria has negotiated participation in a

number of new off-shore concessions, and in two existing companies, Agip and Sotrap. No formal announcement of its intention to participate in the operations of the older established companies, such as Shell-BP, Gulf or Mobil has yet been made, but it would surprise no one if such an announcement were to be made, perhaps before the end of the year.

Nigeria is now a member of OPEC, the oil producers association and subscribed to the resolution passed at its recent meeting enjoining members both to begin negotiations on higher posted prices to offset the de facto devaluation of the dollar and to open talks on participation in production. Nigeria negotiations on the post price are expected next month.

LEBANON TO BUY ARMS FROM RUSSIA

By Our Own Correspondent

BEIRUT, Oct. 27. Lebanon has reached agreement with a visiting Soviet military delegation on the purchase of weapons from Moscow. Mr. Saeb Salam, the Prime Minister, said last night.

Pretoria concerned at larger EEC

By Bridget Bloom, Africa Correspondent

BRITISH membership of the European Community will confront South Africa with serious export problems, Mr. S. L. Muller, the South African Minister of Economic Affairs, said in London last night. The effect was likely to be particularly marked on exports of processed and semi-processed commodities, but exports overall would be affected.

Mr. Muller, who was speaking to the South Africa Club on the eve of the Common Market vote, said that for generations South Africa had enjoyed the advantages of being a member of the Commonwealth preference area. "Britain's entry into the EEC will, after a transition period of five years, put an end to this privileged position," the Minister said.

Not questioning

South Africa was not questioning Britain's right to join the EEC. "However, our approach is that due cognisance should be taken of the adverse effects which British accession to the EEC will have on the South African economy and that ways and means should be found by negotiation to minimise them as far as possible."

Mr. Muller is to discuss the Common Market question with members of the British Government on Friday, when he is due to meet the chief British negotiator, Mr. Geoffrey Rippon, and the Secretary of State for Trade and Industry, Mr. John Davies. He is then expected to go to Brussels, Paris and Bonn. It is understood that Dr. Deiderichs, who saw the Chancellor of the Exchequer, Mr. Barber, on Tuesday, also raised the Common Market issue, although his main concern was to talk about the current monetary crisis.

EAST OF SUEZ POWER RUNDOWN

End of an epoch in Asia

BY HARVEY STOCKWIN IN SINGAPORE

FOR BRITAIN, as an era in Europe begins, an epoch in Asia is ending. With a touch of irony HMS Eagle cruises in the South China Sea to cover the last stages of the rundown of predominant British power "East of Suez."

To-morrow there will be a farewell parade of Far East Command, whose sphere of interest once extended from Mauritius to the Kamehatchia Peninsula and out into the Pacific, beyond Fiji. On Sunday, 20 October, the Far East Fleet will have a farewell review in the straits of Singapore. Some of the ships, including Eagle, will then proceed to the Persian Gulf to cover that withdrawal.

At midnight on October 31, Far East Command, set up for tri-service strategic co-ordination only in 1962, formally disbands. Along with the separate Tactical Force commands Far East Fleet, Far East Land Forces, and Far East Air Force set up in 1945 as Mountbatten retook Singapore from the Japanese.

Bases

More important, from the Malaysian Singapore viewpoint, also at midnight on October 31, the automatic British commitment to the defence of the area, embodied in the Anglo-Malaysia Defence Agreement, terminates. First asserted in 1967, when Malaysia became independent and repeated in 1963, when Malaysia was formed, AMDA's watertight guarantees were, in part, conceded in the belief that the Singapore bases would be the focus of British power in Asia for several decades to come.

Singapore had, after all, gained power as that focus, when the British-Indian army was disbanded in 1947. The bases were built up and extended, first to sustain the 100,000 British servicemen who fought the Malayan emergency, then to sustain the slightly lesser numbers that faced Indonesia during confrontation.

As for AMDA, so for many of the base facilities—the architecture was obviously geared without thoughts of imminent withdrawal.

The base facilities in Malaysia and Singapore have to-day an estimated book value of £200m. to £210m. Approximately £160m. to £170m. worth have been or are being handed back to Singapore. £20m. worth to Malaysia.

Decades have become years, and the temptation, both here and in Britain, is to see the rundown in the perspective of surprise that British predominance here has lasted 24 years since the end of the Indian Empire. In January, 1968, both Kuala Lumpur and Singapore saw the "accelerated withdrawal" as one of undue haste. While regrets remain, to-day's view is more to note the blessings of what has been, here, a gradual rather than an instant process of decolonisation.

Whatever the perspective, there can be no doubt that the rundown, which has accelerated over the last six months, has been a considerable feat of organisation. All along, several potentially conflicting imperatives had to be allowed for in the rundown plan.

Naturally, the British requirement was to make it as smooth and as cheap as possible. For Singapore, there was the need to delay the considerable economic effects as long as possible—hence the steep decline in the withdrawal graph over the last few months.

From the military and political standpoint, there was the requirement that Far East Command's ability to meet its operational responsibilities should be retained as long as possible.

Additionally, it was obviously necessary that the forces' morale should be as little impaired as possible by the rundown. This last particularly involved the tricky question of the withdrawal of servicemen's families.

As a result of much reorganisation earlier this year, for example, some families have remained until the last, thus diminishing the impact of unemployment on Singapore. Fourteen thousand locally employed base workers were still employed at the beginning of this year. Roughly 6,000 were dismissed during the third quarter, and the final 6,000 lose their jobs in the next couple of months.

Even now the rundown proceeds at an even, albeit accelerated, rate. Daily flights of Air Support Command VC-10 transports are taking personnel back to Britain. These flights—roughly 7,000 personnel remain to be repatriated—and the concomitant use of Changi RAF base will continue into December. Just about the last facility to be handed over at the end of December will be the jungle training school across the causeway from Singapore in Southern Johore.

Air defence

But by November 1, all major units will have been withdrawn, except those remaining as part of five-power defence.

As the command now phases out completely, the integrated air defence system, to which all five powers contribute, is ready to phase in. The integrated three-power ANZUK Task Force based in Singapore stands ready for use when and if consultations between Wellington, Canberra, Kuala Lumpur, Singapore and London deem it necessary.

British base areas have been reduced from 15,500 acres to an ANZUK 8,500 acres. Costs have been contained by integrated ANZUK logistics, in which Australia slightly predominates.

This integration could, of course, be a problem after the next Australian general election, if Mr. Whitlam wins. The Labour leader has several times stressed his desire to pull-out all in the region.

Australian ground troops. The integration of the ANZUK brigade, not to mention the overall task force, is such that were he to honour this pledge completely he would, in effect, be forcing complete withdrawal upon Britain and New Zealand. Mr. Whitlam has indicated that he would allow the RAAF Mirages to remain for air defence. Lee Kuan Yew, on the other hand, has indirectly hinted that it is the continued presence of the ground troops that makes air power defence a worthwhile insurance policy.

For the moment there is a rundown, not a complete withdrawal. Continued commitment has been achieved. The June, 1967, timetable has come in through the backdoor, as it were. At that time, the five countries reluctantly agreed to a phased British withdrawal by the mid-seventies. British devaluation upset this (still preferred) plan. Five power defence is not seen as likely to be indefinite. Rather the general view of it envisages a mid-seventies cut-off point for five power defence, with the important difference over the 1967 plan being that five power equality has replaced British predominance.

So it would be an additional irony if Australia were now to give preference to instant withdrawal rather than to a limited period of partnership, in which Britain is no longer "mother" for Australia, or New Zealand any more than for Malaysia and Singapore.

While in the ceremonies of the next few days pipe bands may not be playing "Will Ye No Come Back Again" (as they did during the independence celebrations in 1957) the question, as well as the feeling, remains poised in the air. The five-power defence arrangement, Mr. Heath's convictions, the Communist threat on the Malaysian-Thailand border, are all such that it is still too soon to write an emphatic "finis" in British power in the region.

Gulf Aviation makes loss

By Our Own Correspondent

BAHRAIN, Oct. 27. GULF Aviation Company, in which BOAC has a 28 per cent interest, made an operational loss of approximately \$56,000 on the past year's operations, the annual general meeting was told yesterday. This compares with an operational profit of \$97,000 in the previous year.

Shareholders learned, however, that Gulf's income from associated enterprises had ensured a net profit of nearly \$25,000 for the year compared with a net profit of \$250,000 in the previous year.

Israel's Suez conditions

By Our Own Correspondent JERUSALEM, Oct. 27.

ISRAEL will present to Washington two conditions for negotiations under the auspices of U.S. Assistant Secretary of State, Mr. Joseph Sisco, for an agreement on the reopening of the Suez Canal according to authoritative sources here.

They are that the U.S. undertakes to resume the supply of Phantom jets to Israel, and secondly, that Washington gives an official and unequivocal undertaking that the negotiations will not be based on the six points enumerated by the U.S. Secretary of State Mr. William Rogers.

Israel objects in particular to the proposed crossing of the Canal by Egyptian military forces and to the cease-fire being limited to 18 months. Apart from ANZUK 8,500 acres. Costs have been contained by integrated ANZUK logistics, in which Australia slightly predominates.

Our Middle East correspondent writes: President Tito, who to-day begins an official visit to Washington, is expected to explain Egypt's stance in relation to the American initiative aimed at an interim settlement between Israel and Egypt.

Pakistan not to make Russian TVs

By Our Own Correspondent

KARACHI, Oct. 27. THE PAKISTAN Government has dropped a scheme for setting-up a plant for the manufacture of Russian television sets. One of the reasons was cost—about Rs.85m.—and the consideration that estimated production of over 100,000 sets a year would be far more than the average yearly demand.

According to estimates, in the last seven years over 100,000 TV sets have been sold in Pakistan.

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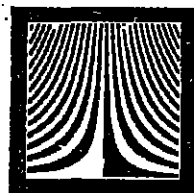
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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

TRANSPORT

U.K. hovertrack is cheaper conference

BRITAIN'S work in the development of a 250 mph/400 kph hovertrain has been endorsed by a U.S. Government report published on the eve of Tracked Hovercraft's full-scale vehicle tests.

In an assessment of future transport requirements for the U.S. "North-East Corridor" area (Washington-New York-Boston), the British hovertrain system shows a capital saving in excess of \$700m. over previous studies that used American tracked air-cushioned vehicle (TACV) designs.

The U.S. Department of Transportation's final report, after an extensive four-year study, calls for immediate planning of a suitable TACV route, plus increased research and development of this form of transport.

High speed service, environmental considerations, and profitable operation at reasonable passenger fare levels, are some of the reasons why the report favours hovertrains in its American U-shaped track as principal transport recommendation. The authors state that the hovertrain was chosen because it applied by the Department to the

offers the potential of a very attractive service, very good reliability, comfort and safety, and low unit cost.

In the British hovertrain—described on the Technical Page of October 22—the air cushion suspension system developed from that used in the marine hovercraft—provides support and guidance, in combination with the electric linear induction motor for propulsion. The British design is based upon a simple box-beam track (such as that currently under construction at the TEL test site near Cambridge) and a specially developed "single-sided" version of the linear motor. The simple track design is a relatively low-cost system and the single-sided motor is claimed to give improved safety and reliability.

When Tracked Hovercraft was given a contract by the U.S. Department of Transportation to develop an existing TACV track design in 1970, the company's studies showed that the basic cost of the report favours hovertrains in its American U-shaped track as principal transport recommendation. The authors state that the hovertrain was chosen because it applied by the Department to the

achieved with ground transport.

Urban roads at IHE

THEME of the Institution of Highway Engineers' national conference to be held on December 9 and 10 at Church House, Westminster, London, S.W.1, is "Urban Transportation."

At a time when the construction of urban roads is accounting for an increasing proportion of the national highway budget, the conference subject is of significance. In addition, the problems of traffic restraint, environmental safeguards and the maintenance of adequate public transport systems are becoming more and more critical.

These problems will be illuminated by the papers to be presented by planners, engineers and users, and the conference will attempt to suggest solutions. Applications to the Secretary, IHE, 14, Queen Anne's Gate, London SW1H 9AF.

CORROSION

Bugs cause metal problems

FOR SOME YEARS it has been known that bacterial action in machine tool cutting fluids and rolling mill lubricants can cause quite severe problems. Much more recently some rather unsettling disclosures have been made about the way in which bacterial attack on aircraft fuels can actually cause holing of wing tanks and leakage of jet fuel through the openings.

Now, with the discovery that some bacteria can live and multiply even in such sterile media as solutions for the gold plating of a range of electronic and other components, it is becoming only too clear that many problems formerly ascribed to a variety of causes could in fact be due to unsuspected bacterial action.

Degradation of cutting oils and of hydraulic oils causes slime formation and the deposition of large amounts of residues, but also the production of quite severely corrosive decomposition products under bacterial attack.

Immediate results are poor tool life and unsatisfactory finish, as well as corrosion, and in the particular case of rolling equipment the result is roll pick-up and poor sheet quality. In either case, the lubricants and cutting oils are consumed at a far higher than normal rate. Mere traces of contaminants

can be the start of a whole cycle of microbial invasion, but the "ecology" of such breeding grounds is quite well understood and the effects can be alleviated by improved maintenance, the selection of oils resistant to decomposition and the use of the chemical additives known to kill or to inhibit the offending bacteria.

Problems such as these have been under study at the University of Cardiff's microbiology department, whose Wolfson Foundation has a laboratory specially devoted to biological problems of industry.

This centre has been dealing with a number of industrial mysteries, the most recent of which was the above-mentioned spotty gold plating which turned out to be the result of bugs eating some of the constituents of the plating fluid.

Areas it is now working in cover aircraft fuels—all RAF fuels contain a biocide—water with organic additives, dry cleaning fluids and many others, which at first sight would not be associated with a bacterial decomposition process.

Newly added is the study of corrosion in ships due to the production of highly active chemicals from bacterial wastes. There is also a strong possibility that much of the deterioration of stonework and facing bricks in buildings could come

from accretion of dusts and soot followed by microbial attack.

This is a unique centre, but it does not know so far as the handling of this type of problem is concerned. Indeed, its knowledge can only advance as new problems are brought to it for evaluation.

The Wolfson Foundation is seeking to expand into Europe and elsewhere and hopes for worthwhile results on the overseas front as a result of the specialist courses it is to run next year.

These courses will give students an insight into the types of industrial materials which can be attacked by, or feed, contaminants. They will also include a workshop where industrial staff will be able to bring their problems for examination at first hand.

Other courses impinge on areas of activity which will open up an entirely new field of processing. These are the production of useful elements and compounds of bacterial rather than chemical action and the treatment on a massive scale of effluents by biological means.

Meanwhile the University has a site on its campus open to any industry or organisation which could set up a laboratory there able to profit from the proximity of the many disciplines to hand.

COMPUTERS

Fast access disc store

ANOTHER shot was fired in the peripherals price war this week when Memorex, of 50, Salisbury Road, Hounslow, Middlesex, announced its \$870 disc store system. It is designed to be compatible with the IBM 360 for attachment to the System 370, has a 27 millisecond average access time and is priced lower than the product.

Memorex state that the 360 has many simplified maintenance characteristics and requires only 10 per cent of the installation area of the 3330. Rapid mounting and replacement of key components is also claimed.

All the control electronics of the drive are contained in the operator console located above the pack enclosure of each drive. The console, which may be slid forward for access to the recording heads, also incorporates an activity display.

There are two drives, each providing independent control and display features on a wall-high panel. This panel serves both control and diagnostic functions. Once the start switch is pressed, a series of sequence lights indicate the status of the drive. Furthermore, the displays provide a status of the head and cylinder addresses that the user may monitor the operation of the device. In the event of any problem the panel will display the failure condition in addition to the cylinder position. The coding scheme of the display permits both the customer and the service engineer to pinpoint the source of the trouble.

First shipments of the 360 are to be made in the fourth quarter of 1972.

SERVICES

Warehouse for metric steel stock

WEAT is believed to be the first steel stock warehouse in Britain to be built solely for stocking metric steel. It has been opened by Macready's Metal Company, of Pentonville Road, London, N1 9NE, at a cost of some £400,000.

The opening ceremony was performed by Lord Ritchie Calder, chairman of the Metrication Board, who remarked that Macready's had at least gone some way in demolishing the "chicken and egg" argument in the industry about going metric, that it is no use doing so until metric stock materials can be obtained easily.

In fact, the new warehouse will carry a dozen different types of steel in sizes ranging from 2 mm up to 300 mm.

PRODUCTS

Long-life battery

A SMALL high-energy lithium battery has been developed by Honeywell for industrial applications, particularly those that require long-term storage.

Design of the battery and use of lithium anodes enables the company to offer long-term storage for special applications, with double the voltage of flashlight batteries.

In its present design, the battery is about half the size of a standard flashlight cell, one inch in diameter and 1.4 inches long, with a weight of 35.2 grams. Nominal voltage is 3.2 compared with all-mercury batteries of similar size, which produce 1.2 to 1.23 volts.

Storage potential of more than ten years is made possible by isolating the electrolyte in a glass ampoule to keep it from the lithium anodes. An external cap, provided with the cell, uses a pin to shatter the ampoule and activate the battery. Then, depending on storage temperature, it can maintain most of its charge for many weeks.

Tests at temperatures from -40 to +75 degrees F. show the battery will last 500 hours at one milliampere continuous current drain, 20 hours at 20 milliamperes drain, and 12 hours at 50 milliamperes drain. At a current drain of one milliampere, the battery will last 400 hours. The battery, designated G26002, is the first primary-reserve lithium power source to be manufactured in volume quantities.

The work has been carried out at the Honeywell centre in Montgomeryville, Penna.

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Big load floats on air

PROGRESS on the construction of an overhead transmission line on reclaimed land on the Zuider Zee, Holland, has dramatically improved following the introduction of two Hovertrailers on the site.

The two units, each of 15 tons capacity, were recently exported to Holland by Hovertrailers International of Southampton, was taking three days to move for use by the contractors, Visser en Smit N.V. These units are designed to be linked together side by side to form a platform capable of transporting a 25-ton pile driver which has an 80 foot high mast.

The trailers were constructed in two halves for easy shipment and were assembled in less than four hours after arriving at the site in Holland. They now are exceeding expectations, working over very boggy terrain. The units can move the pile driver from one site to the next in about one hour. Previously it was taking three days to move for use by the contractors, Visser en Smit N.V. These units are designed to be linked together side by side to form a platform capable of transporting a 25-ton pile driver which has an 80 foot high mast.

As a result of the introduction of these trailers into Holland the company has received enquiries regarding further export orders.

Extra drive for tractors

FOUR-WHEEL drive on agricultural tractors has been available for years and has proved advantages, but limitations such as high cost of initial fitments (about £1,000) and later maintenance, loss of under-axle ground clearance and reduced steering lock capability have always limited the potential.

An agricultural tractor can now be modified to four-wheel drive by fitting a small low speed high torque motor to each of the front wheels, replacing the existing stub axles. Power is supplied to the motors via a gear pump with valves and flexible high pressure hoses tapping into the vehicle's hydraulic system. High torque is immediately available on the front wheels when the rear wheels are stalled.

The system can also be installed in trailer wheels using hydraulic power from the tractor, thus providing a six-wheel drive.

The drive is built by Carron Hydraulics, Mitchellton Industrial Estate, Kirkcaldy, Fife, and has been developed with the co-operation of the National Engineering Laboratory. Considerable expertise has been provided by W. Harold Perry, free-wheel with the supply the drive to a Ford 5000 tractor and a Perry Shire 500 highway lift trucks are typical applications, and a trailer, which are

being demonstrated on a farm near Royston, Herts. Perry states that a front-wheel drive basic kit can be supplied for about £600 or almost 50 per cent cheaper than other forms of four-wheel drive for tractors.

Carron Hydraulics is a division of the Carron Co. which was founded in 1879, helped James Watt to build the steam engine, supplied Carronade guns to Nelson and Duke of Wellington, and provided facilities for Major General Shrapnell to develop his shell. Development of the hydraulic motor has been proceeding for seven years but it is only recently that research at NEL provided the answers to problems of lubrication and the special materials required to meet the high stresses inherent in this type of motor.

The Carron Hydraulic motor is finding many applications in industry—in equipment used in building and civil engineering, mechanical handling, processing and manufacturing, and for marine and mining machinery. Apart from high torque at low speeds, the motors offer, when used in conjunction with a variable delivery pump, stepless speed control in either direction of rotation, minimal transmission shocks, and can provide immediate braking if the oil Granborne Road, Potters Bar, supply is not shut off, or will Herts. This company has fitted the drive to a Ford 5000 tractor and a Perry Shire 500 highway lift trucks are typical applications, and a trailer, which are

PROCESSES

Separates the coal from sand

SAND and gravel producers are faced with the problem of separating coal and other organic matter, including leaves and sticks, from the aggregate before it is suitable for use in concrete mixing.

A process claimed to be capable of achieving this has been devised by Harleford Hydro-Sand Equipment Company which has constructed three prototype models and is in the process of building a fourth.

Prototype tests have been successfully carried out using 3-16 inch down river sands from beneath a screen, soft sand as dredged, and sharp sand as well as soft sand ex-cyclone overflow.

Designed to be more efficient than the best hydrocyclones and tester type machines, the new machines can handle classified or unclassified feed. The machines, which are suitable for semi-skilled operators, do not incorporate sand pumps, cyclones, density devices or prior dewaterers.

One of the machine's main features is its ability to recover fine sand from a Krebs 15B cyclone overflow at the same time as removing organic matter.

Running costs are expected to be in the order of 1 hp per ton hour of feed with the capital cost expected to be less than £150 per ton hour of plant capacity.

The Harleford Sand/Coal Separator is to be offered initially as a package unit with a capacity of up to 20 tons per hour. The company is at Harleford, Marlow, Bucks.

Extra-fine sifting

PARTICLES down to 5 microns can be sifted by using air columns instead of shaking screens to move the material.

Separation of delicate powders in this size range is difficult because vibrating screens are likely to grind the particles smaller. Also, the screens are likely to clog quickly, halting the separation.

These objections can be overcome by a new sifting machine, the Allen-Bradley Co. of 205, West Scott St, Milwaukee, Wis., U.S., by use of some sifting. In this method an oscillating air column moves the material up and down through stationary screens. The gentle air handling almost eliminates grinding and attrition, the company says.

Screens are available in U.S. standard sizes from 31 through 400, and also from 150 down to 5 microns.

Plastics in forging processes

WHERE close heat control can be achieved, plastics can be forged with an increase in strength and a reduction in process time.

A number of small American companies are forging plastic parts up to 3 lbs. The advantages are that strength is increased, as in forging metal, by about 25 per cent. Also, a plastic part can be forged in 30 seconds to three minutes, compared with 15 minutes for injection moulding.

The chief disadvantage is that there is only about five degrees F. difference between forming temperature and the melting point. For that reason, the pre-heat of the plastic billet must be controlled within 2 degrees plus or minus.

A report on the state of the industry by Paul M. Coffman of Shell Chemical Co., Woodbury, N.J., U.S., says that parts being forged currently are gears and sprockets for snowmobiles, where plastics' abrasion resistance is greater than carbon steel; heavy duty sections and flanges for chemical plant piping; and blades for snow shovels.

MATERIALS

Pump works with many fluids

SILICONE and fluorosilicone rubber components permit unique positive displacement pump, manufactured by Fluid Transfer of the U.K., to handle a wide range of fluids including very hot liquids, organic solvents, inflammable liquids and food products.

The pump is completely glandless and no moving parts are in contact with the fluid being handled. It is designed to give trouble-free operation with abrasive or extremely viscous media. Pneumatic or hydraulic actuation enables the unit to be used in flameproof areas.

Heart of the unit is a series of elastomeric rings made up to a chamber which is deformed by external pressure to provide a pumping action. Conventional elastomers are used to make up chambers hand-

ling a wide range of fluids such as pastes, slurries and pottery slip and clays but when operating temperatures are elevated or when fluids attack conventional elastomers, Fluid Transfer use "Silastic" silicone and fluorosilicone rubber produced by Dow Corning.

Silicone and fluorosilicone rubber components will function for very long periods of time at service temperatures between -60 and 230 degrees C. Silastic fluorosilicone rubber, which outperforms fluorocarbon elastomers at extremely high temperatures, is specified when kerosene aviation fuels. Silicone rubber is specified when service temperatures are elevated or chemical resistance must be improved. Food-grade silicone rubber has been specified by Fluid Transfer for applications such as pumping hot liquid chocolate.

Further details are available from Midland Homes of Reading Bridge House, Reading, Berks, RG 18 1PW.

Electrical insulants

PERMALI of Gloucester has added three new materials to its Permaglass range of non-woven glass fibre reinforced electrical insulation materials.

They are Permaglass XS (silicone bonded), Permaglass XE6/5, and Permaglass XE6/7 (epoxy bonded), all of which are produced in the company's new £100,000 continuous process plant.

Aimed at markets requiring respectively Class "F" (180 degrees C), Class "H" (200 degrees C) and Class "F" (155 degrees C) insulation materials, the new laminates have improved machinability, punchability and cost less.

"We have proved the superiority of non-woven laminates for these, and other applications, by our test marketing. Furthermore, we can keep the price down because of the unique manufacturing process we have evolved," says the company's sales director, Mr. John Swainson.

The non-woven philosophy for these applications evolved from the traditional manufacture of small wood base laminates and involved the coating of each glass strand with a synthetic resin, thus preventing glass to glass contact as in coated woven glass fabrics.

ELECTRONICS TODAY & TOMORROW

November 8, 9, 10th, 1971 — London

A three-day management conference to examine the economic, management and technical state of the electronics industry today. Speakers include Maj. Gen. Sir Leonard Atkinson K.B.E. (Harland Shipbuilding Ltd.), A. C. Carter (Buckmaster & Moore), Prof. A. L. Cullen (Univ. Coll. London), B. Palmer (I.B.M. (U.K.) Ltd.), Dr. L. R. Baker (S.I.R.A.), S. J. Minoprio (Arbuthnot Factors Ltd.), P. Curry (Unitech Ltd.).

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ECONOMIC VIEWPOINT

BY SAMUEL BRITTAN

What is really wrong with economics

THE NOW fashionable attacks on economics are likely to be stimulated by the rival lists that have been drawn up of economists who are for and against the EEC. It might therefore be worth offering a few thoughts on what is really wrong (or right) with the subject and those who profess it. As I am myself engaged on a little informal empirical research on the topic, I should be pointed out that this is a preliminary article, written before any of the results have arrived.

The first clue to understanding is that economists do not exist in a vacuum. They are human beings, and like all human beings they are subject to the same limitations and biases. The contribution of such papers to economic understanding is one criterion by which they are judged. But it is not the only one, and it is a very elusive and intangible quality to assess. More important in practice tends to be "professional competence." This is something different, involving the application of the statistical and mathematical methods used, knowledge of, and references to, the previous literature, internal consistency and so on. It is much more important for a paper to be "competent" than for it to be right or enlightening. Things could hardly be any different. When economists are asked to write a paper, they are given a small band of gentlemen scholars, as they did in the great age of David Hume, Adam Smith and Ricardo (and to a lesser extent up to the eve of the Second World War) it was possible to put great weight on general insight, and to allow room for a great variety of methods and approaches. With the explosive growth of the profession since the end of the war, and the need to fill hundreds of new teaching posts, an emphasis on technical competence in the narrow sense was probably the only way of keeping any sort of watch on standards.

One criterion

At the academic level the main market is, of course, for learned papers. The contribution of such papers to economic understanding is one criterion by which they are judged. But it is not the only one, and it is a very elusive and intangible quality to assess. More important in practice tends to be "professional competence." This is something different, involving the application of the statistical and mathematical methods used, knowledge of, and references to, the previous literature, internal consistency and so on. It is much more important for a paper to be "competent" than for it to be right or enlightening. Things could hardly be any different. When economists are asked to write a paper, they are given a small band of gentlemen scholars, as they did in the great age of David Hume, Adam Smith and Ricardo (and to a lesser extent up to the eve of the Second World War) it was possible to put great weight on general insight, and to allow room for a great variety of methods and approaches. With the explosive growth of the profession since the end of the war, and the need to fill hundreds of new teaching posts, an emphasis on technical competence in the narrow sense was probably the only way of keeping any sort of watch on standards.

There is, however, one aspect of the market which is relevant both to the really ambitious academic aspirant and to the top level economist pontificating before a Congressional committee or a television screen. This is the well-known process of "product differentiation." At the academic level prizes are to be gained by slightly differentiating one's theories and methods from those of other economists, while staying within the "general" professional canons mentioned above.

But at the level of public debate the effects are more serious. For there is no doubt that leading economists can make a great, if superficial, impact by differentiating their

advice as much as possible from that of their colleagues, and putting the emphasis on those points which they believe to be original rather than on the common elements on which most economists agree. This was symbolised by a recent cocktail party in Washington where one economist present remarked: "I have got some really smashing evidence to present to Congress tomorrow," but refused to discuss its nature in case he was pre-empted by someone else.

It is easy enough to state the ideal qualities which should be exhibited in public pronouncements by an economist. He should first emphasise the areas and topics on which there is some consensus then go on to the areas of disagreement, explaining as far as possible how far these are about cause-and-effect relationships and how far they involve differing judgments about the political goals for which we should strive. At the end of such an exposition he might then tentatively offer his own contribution to the unresolved issues.

Yet there is extremely little chance of this ideal being realised. (Nor can one claim that economic commentators have followed it any more than academics have.) For it is simply not what the market wants. Three distinguished economists, Friedman, Samuelson and Krause, gave evidence on the same day in September to a Congressional committee on foreign trade and currency issues. There seemed to me an overlap of about 75-80 per cent. both in their analyses and in their policy recommendations; and the three economists concerned did not particularly try to emphasise their differences. Yet the inevitably brief public reports concentrated almost entirely on disagreements, and particularly on the minor issue of whether or not a small "cosmetic" increase in the dollar price of gold would be a good thing. After all, it was this that constituted the news value of the hearings.

Public demand

Nor will it help to make a scapegoat of the Press, for there is a deep seated ambivalence in public attitudes towards economists. While people delight in ridiculing them for their disagreements, they are also entertained by "original," "provocative" and controversial viewpoints, and a high price and some prestige can be gained by meeting this public demand. The key to understanding many economic pronouncements is that they belong, at least as much to the entertainment as the information industry.

Another aspect of the contemporary economic scene is the stress on quantification and prediction. Indeed Professor Harry Johnson claims that ability here "now constitutes the economists' main claim to superiority as a profession over the general run of intelligent men with an interest in economic problems." (His views are to be found in *Australian Economic Papers*, June, 1971.) A dissenting view

is however provided by Professor Hayek who remarks that "what we must get rid of is the naive superstition that the world must be so organised that it is possible by direct observation to discover

'There is a deep-seated ambivalence in public attitudes towards economists. While people delight in ridiculing them for their disagreements, they are also entertained by "original," "provocative" and controversial viewpoints, and a high price and some prestige can be gained by meeting this public demand.'

simple regularities between all phenomena and that this is a necessary presupposition for the application of scientific method." (*Studies in Philosophy, Politics and Economics*, published by Routledge.) Hayek's view is that economics enables one to predict certain general features of a situation, but not particular consequences.

One does not need to go quite so far. Specific predictions are useful when they can be obtained. But even if they cannot be, some good generalisations are a good deal better than nothing. Indeed, the most important advice that needs to be given often involves extremely elementary economics of a "first-year" kind. One wonders for example if Treasury Secretary Connally's advisers pointed out

to him that, with the gold window shut, and the dollar not supported against any other currency, the U.S. simply could not have a balance of payments problem; or whether they were

conclusions he has every right and even duty to promulgate them. Nor should he be deterred by fear of introducing "value judgments." Many apparent value judgments are susceptible to further analysis.

The undesirable kind of political bias is different. It is where economists make partisan points designed to provide respectable ammunition for the political party they favour—sometimes in opposition to their own basic beliefs. This was particularly noticeable in the U.S. recently, where some pro-Republican economists have defended the Nixon wage and price controls, while Democrat economists have searched around for tiny niggling points of criticism—despite the fact that Mr. Nixon has moved much further in their

Home truths

Again, however, the clue is to look at the market. If economic advice concentrated on such elementary home truths, the need for employing large numbers of specialist advisers might be called into question. On the other hand economic forecasting looks like a highly technical service which Permanent Secretaries could hardly provide for themselves with the aid of a scribbling pad. No matter how often forecasts go wrong, the moral that is drawn is that one should continue to work to improve them.

One frequent charge against economists is that they are guilty of political bias. This is usually put in the wrong form. Where the investigations of an economist lead him to certain political

direction than a Democrat President would ever have dared. Bias of this kind is easy to dress up in respectable statistical form. But, again, simple condemnation is of little help. The market demand, when politicians consult economists, is for debating ammunition or for loaded prognoses of the movement of the economy.

Some economists steer admirably clear of anything resembling partisan debating points but succumb to temptation of a different sort. They are tempted to fall in with the latest fashion and to advocate, for instance, incomes policies or the replacement of reserve currencies by paper units. But there is also a sophisticated market for those who are prepared deliberately to go against fashion and decide what they believe to be the conventional wisdom.

Shell-shocked

Unfortunately, economists of this latter brand are apt to change their opinions with such rapidity that any layman who tries to base himself on their pronouncements would soon feel bewildered and shell-shocked. Indeed, one is often struck by the way in which the severest academic critics of the journalistic approach outdo all the journalists. Again, however, they are providing a service for which there is a definite demand.

Of course, not all the difficulties of economics can be attributed to the characteristics

of the market or to confusions of presentation. There are major differences on some of the most basic questions of how the economy works. Would a much higher level of demand (with or without an incomes policy) lead to a virtuous circle of growth and lower prices, growth alone, or simply to an explosive and unsustainable situation culminating in "go-stop" and less growth rather than more? You can find learned pieces of econometrics to justify all these incompatible positions.

Technical economics has indeed remarkably little to say about the causes of the "Wealth of Nations"—and therefore of the long-term effects of joining the EEC. At a recent anniversary dinner of the Political Economy Club, Lord Robbins demonstrated that many contemporary arguments were already current in the early 18th century, and it is a myth to assume that they will be quickly resolved—any more by the importation of sociology to-day than by the importation of techniques from the physical sciences, from which so much was hoped in the 1930s.

But agnosticism on some of the larger issues does not mean that the subject is nonsense. The fact that philosophers still disagree over age-old topics, such as determinism or free will, does not mean that anyone's opinion on these topics is as good as anyone else's, or that there are not different levels of debating them. Moreover, there are a good many more limited issues on

which economists could—if they went in a little less for product differentiation—offer useful advice which would carry a high degree of professional consensus. For example, many of both the "pro" and the "anti" EEC economists would agree on the implications of the Werner Plan for monetary union or of the Common Agricultural Policy.

Recent research has shown that students gain very little from elementary economics as far as their subsequent ability to interpret current policy problems is concerned. Reform here could lead the way to a shift in the emphasis with which the subject is presented both to the political world and to the general public. The result might seem a good deal duller than the present no-holds barred debate; but it would also be a good deal healthier.

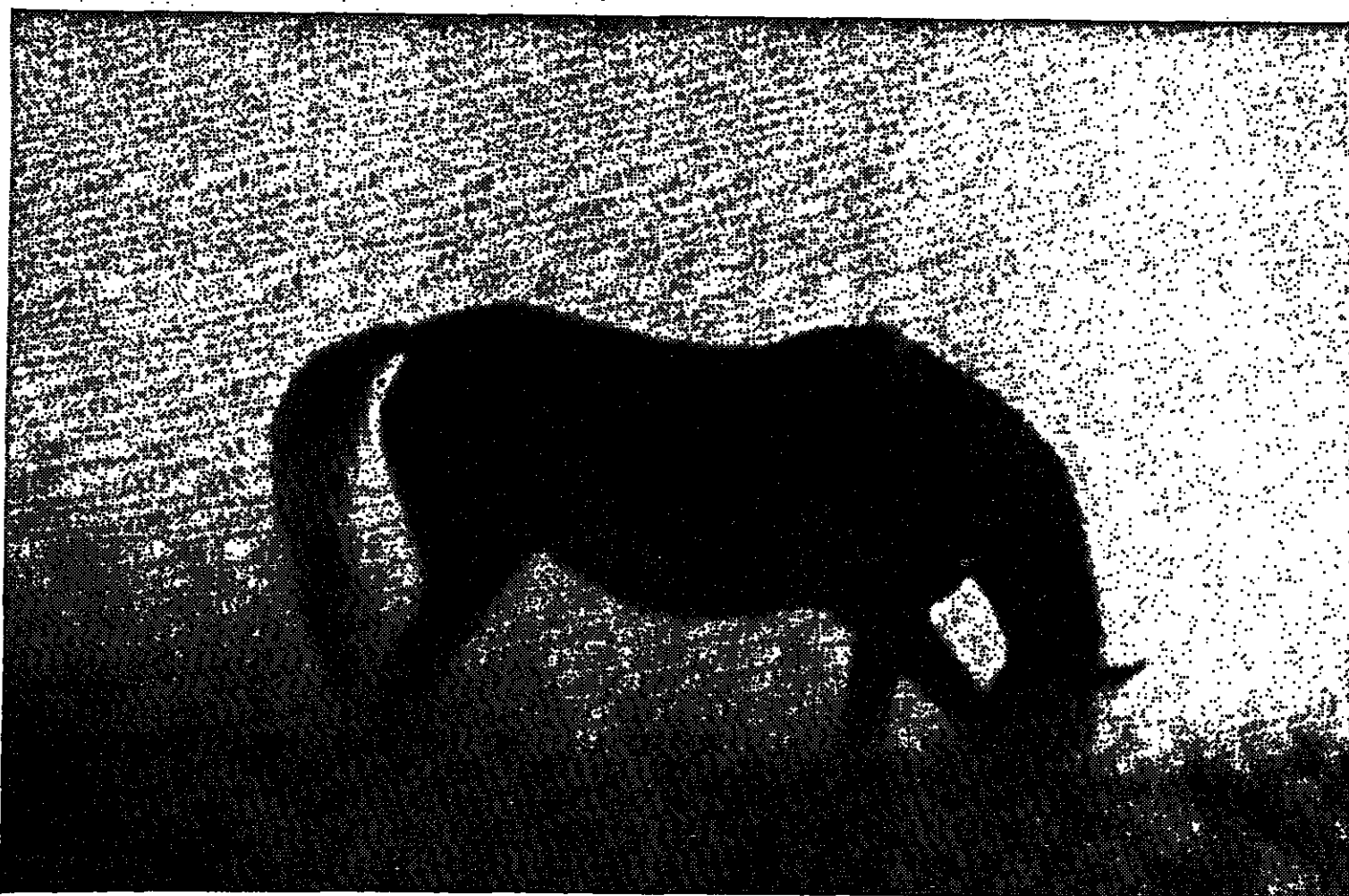
Good teaching

A ray of hope for practical reform may be discerned in the changing character of the economics market. University demand—partly in response to student pressure—is shifting from research to good teaching, especially for those students who are not full time economic specialists. Although this could well introduce a "trendy" element, it should also lead to more content and meaning of basic principles and how to put them across.

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HOME CONTRACTS

STC wins £3.5m.

Post Office order

Standard Telephones and Cables is to supply the Post Office with Trimphones and other subscriber apparatus worth about £3.5m.

George Wimpey and Co. is to build a £900,000 factory for Homeworthy Guaranteed Furniture at North Elyton industrial estate, Sunderland.

Honeywell has received a £300,000 order for more than 500 sets of Vutronik miniature

electronic instrumentation from Foster Wheeler, main contractor for the extensions to the Esso refinery at Milford Haven.

International Combustion has won a contract worth almost £500,000 for a municipal incinerator plant in Porth, Rhondda. The order is from the Rhondda Borough Council and is expected to be in operation by mid-1973.

Conference on metrication in engineering

MR. JOHN DAVIES, Secretary for Trade and Industry, is to open the third national conference on metrication in engineering, the second issue of *Going Metric*, the Metrication Board's free quarterly bulletin, reveals. The conference, organised by the Board, is in London on November 2 and 3. Subjects to be discussed include metrication progress and future plans in a variety of engineering products and semi-finished materials. Forty speakers will represent manufacturers, users and stockholders.

The Board has also published two further metrication management manuals: *Metrication for Engineering Management* (SO, £1.90) and *Metrication in the Machine Shop* (SO, £1.75). Both are based on comprehensive surveys of companies which have already made the change.

JORDAN-SYRIA: NEW CONTACTS

BEIRUT, Oct. 27. Jordanian Foreign Minister Abdullah Salah arrived in Damascus today for talks with his Syrian counterpart, Abdel Halim Khaddam on normalising relations between the two countries.

He is the highest-ranking Jordanian official to make contact with Syria since the latter closed her border and airspace with Jordan last July 25 to protest suppression of the commandos by the Jordanian Army. Informed sources believe the talks will concentrate on Amman's insistence on reopening the border.

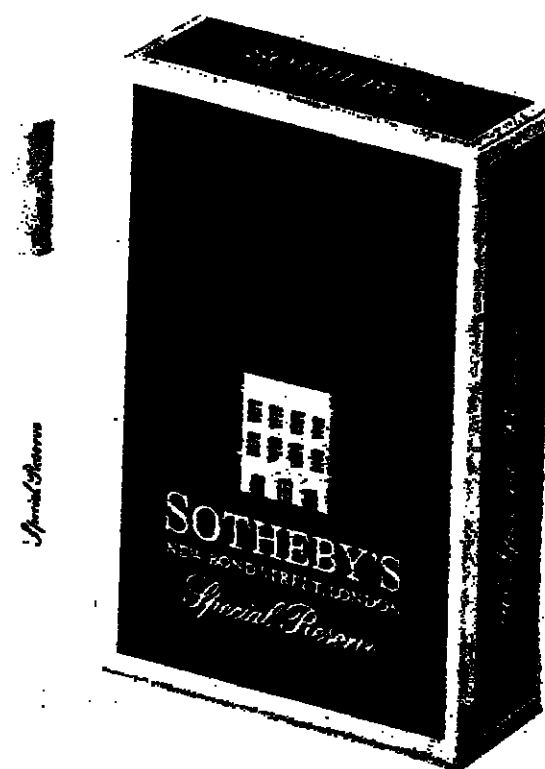
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EVERY PACKET CARRIES A GOVERNMENT HEALTH WARNING

Sardinia

is Survey was written by PETER TUMIATI Our Italian Correspondent

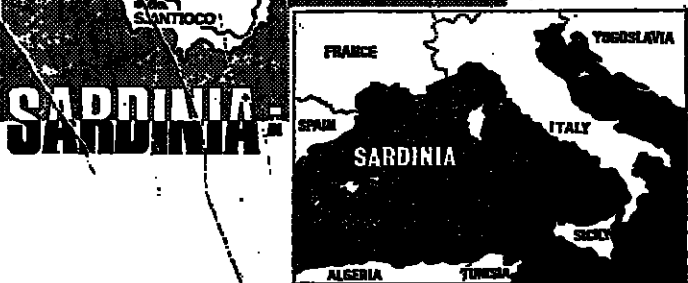
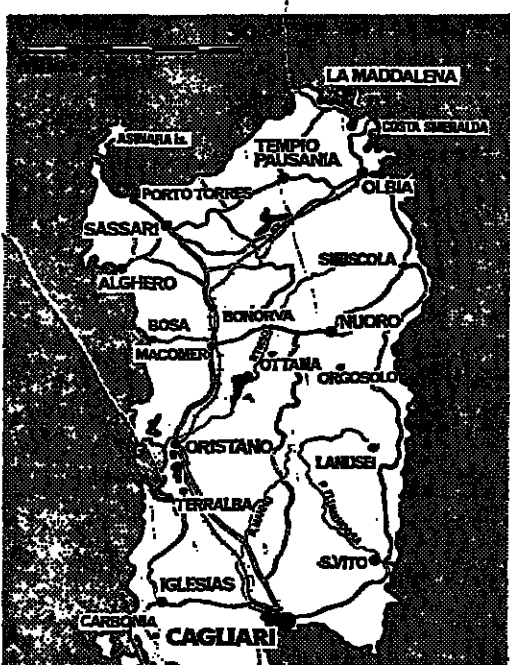
Still waiting for 'rebirth'

In the last year and a half pursuit of jobs and better living mood in Sardinia has changed completely. The former island of unemployment, even euphoria, has been running at almost the highest level since the war. Naturally, those who leave are the young people, those to whom better schooling and training opportunities have been offered. Their departure weakens Sardinia's chances of future development.

These local setbacks have come at the worst possible time from a national Italian point of view. Italy has moved into a recession. Even the politicians are now having to admit it. In fact, the Government is beginning to prepare public opinion for a year-end announcement that in 1971, for the first time since the end of the war, there has been no growth at all in the GNP. Earlier this month Signor Antonio Giolitti, the Budget and Planning Minister, made a cautious statement to this effect. Unemployment is rising throughout Italy. Industry and the services are no longer able to absorb the flood of men and women who want to escape from the country's overcrowded and backward agriculture. Government finances are in a very difficult situation. Inevitably, in the circumstances attention and funds for Sardinia are declining.

Untouched heart

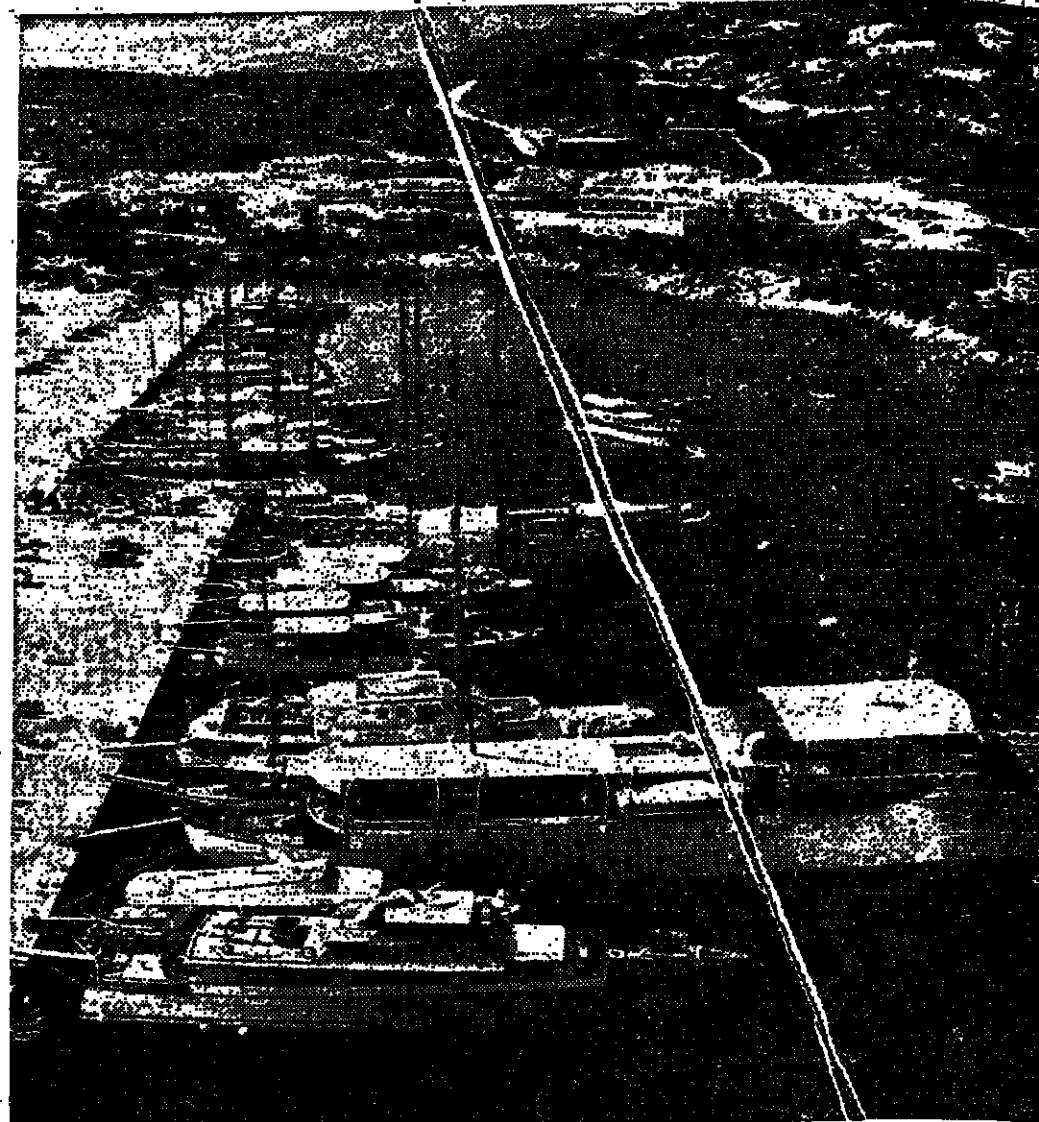
They are capital intensive enterprises and have generated jobs. The medium and all downstream enterprises which they had been expected to give birth to have failed to materialise. The island's two towns of Sassari and Cagliari have benefited, but the heart of Sardinia has hardly been touched. Sassari and Cagliari have grown further, urbanisation is creating problems than it is solving, immigration, the flight from Sardinia to the Italian mainland and to Western Europe in the



the village of Orgosolo (which has an unenviable reputation for being the "capital" of the brigand area) day-tourists who are spending their holidays at the Aga Khan's Costa Smeralda, the Charles Forte Village or one of the other beach resorts and who no doubt dream of a thrilling encounter with a rifle-carrying brigand in real life to be able to tell their friends about when they get back to Düsseldorf, London, Milan or New York.

President Nixon's new duty on imports has come as a grave blow to one of Sardinia's few exports, pecorino hard cheese. Despite Italy's recession and the loss of value of the dollar (even though the revaluation of the lira has been contained at little over 2 per cent in its exchange rate with the dollar, whereas it has undergone a devaluation in its rate with the West German D-Mark), tourism is the only Sardinian activity which is booming. But it concerns only a strip along the coast of Sardinia and only lasts three or at most four months in the year.

But the success of tourism, while all other types of development are flagging, is strengthening what is almost a nightmare for many sophisticated Sardinians. It is the fear that their island may be destined to become another Corsica. The neighbouring French island (which is much smaller than Sardinia) is considered a sort of pre-graveyard, almost exclusively populated by Corsicans who, having reached the age limit in the French bureaucracy on the French mainland, have retired to Corsica on their pensions. It is seen as a sun-baked cemetery, which comes to life for a few summer months as a holiday playground. Is this fear justified? There is little doubt that nature has



Yacht Harbour at Port Cervo, Costa Smeralda.

been most ungenerous with Sardinia in everything except breathtakingly beautiful landscapes, secluded coves, green and blue seas the like of which it has become difficult to find anywhere else in the Mediterranean and lovely beaches. It has been said that when nature was spraying the world with rocks the bottom of the bag was torn over Sardinia and all the stones in it came tumbling out. Sardinia certainly seems to have received a generous share of Europe's rocks and boulders. There are big, dark granite rocks with strange, dramatic shapes. They contribute to the beauty of the landscape, but to little else.

Mineral myth

At the height of the self-sufficiency "autarchy" drive of Italy's pre-war Fascist regime, in the late 1930s, Sardinia was made out to be Italy's mineral treasure store. The mountains of the south-west were said to be rich in coal, copper and other valuable minerals. Over 50,000 men were employed in mining. But it was a myth. After the war and the burial of Fascist dreams of "grandeur" oil is imported, not for Sardinia. An equally unrealistic project

PROVINCES OF SARDINIA

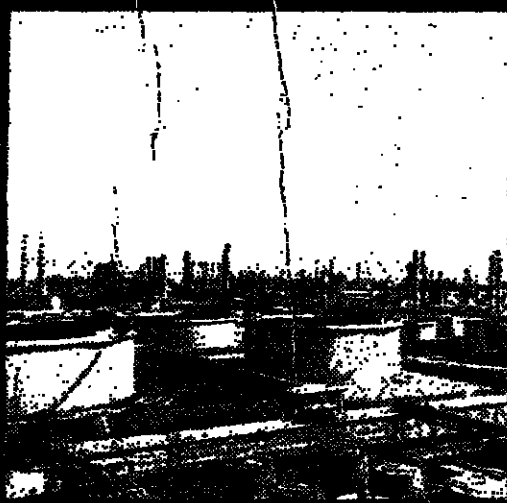
	Area, m. acres	Population
Cagliari	2,297,000	810,000
Sassari	1,858,000	402,000
Nuoro	1,797,000	284,000
Total	5,952,000	1,496,000

to be a very poor quality lignite, is now being developed by the same entrepreneur, again with out. The other mineral deposits were no better and the miners had to be dismissed.

A bright Sardinian entrepreneur dreamed up a plan to build a giant thermoelectric generating plant to be fired by Sardinian lignite, and the Government was persuaded to put up the money for what became known as the "solid gold" electric plant. Millions of pounds were sunk on developing expected requirements of the plant. With the nationalisation of power in 1962 it was dropped into the lap of the new Enel electricity authority. Nowadays, it runs on fuel oil and is an asset for Libya, from where the oil is imported, not for Sardinia. An equally unrealistic project

But just as the inland heart of the island is hardly aware of the tourist boom along its coast, so it has hardly been touched by the industrial complexes, which are also in coastal areas. The interior of Sardinia is still a vast, empty landscape. Continued on next page

THE GIANT'S THIRST IS QUENCHED



A petrochemical complex spread out over 4 million square metres, with seven thousand employees is without doubt a giant which demands a lot of soft water.

But if this complex, situated in an area poor in water supplies, where water cannot be taken away from agricultural and town consumers, must develop further due to market dynamics, it runs the risk of being a perennially thirsty giant.

However with the help of the sea and the ingenuity of man, the problem can be solved to the great advantage of all concerned.

At Porto Torres, the first line in a sea-water desalination plant, studied and planned by the S.I.R. with their own patents, has just come into operation.

This plant, which has a capacity of 2 million litres an hour of desalinated water, is the first of such a large scale to have been completely conceived and realized by Italian engineers.



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SARDINIA II



Procession in the street in Stintino.

Handicaps of history and nature

AT THE end of the war, in 1945, Sardinia did not receive the best or even the average civil servant, policeman or officer, apart from a few Sardinian officials and really dedicated non-Sardinians.

The Italian attitude towards Sardinia can be explained, if not justified, by the island's isolation before air travel, by the frequency of malaria in many areas before the malarial mosquito was stamped out by an OEEC campaign after the war and by Sardinia's uncertain conditions of public safety and law and order. Although it is an island with over 1,000 miles of coastline, Sardinians have never been a sea-faring people. The sea has always been the cause of trouble for them, the source of wave upon wave of foreign and hostile invasion and conquest, from the Phoenicians to the Romans, Arabs, Spaniards and Piedmontese. The only successful Sardinian defence against them up to 50 years ago was the island's lack of roads, safe harbours and the rugged, inaccessible character of its mountainous terrain. Until recently sheep raising was Sardinia's main economic activity. Even now the island has about 2.6m. sheep, of which about 1.2m. are in the central province of Nuoro alone.

Royal rank

Sardinia's case was different. He only thing it had in common with the three other rears was resentment against Italy's central Government. Although it is considered part of the "Mezzogiorno," Italy's south, Sardinia had not belonged to the Bourbons. In 1720 it had passed from the hands to the House of Savoy, and Victor Amadeus II of Savoy added it to his Piedmontese dominions, becoming King with the title of King of Sardinia. But even though the Savoy owed their royal rank to the island—Piedmont and the province of Savoy had not carried such a title—they considered the island little more than a colony.

This mental attitude was passed on to Italy's Government after national unity between 1860 and 1870. Sardinia became the bugbear of Italy's civil service, police and army. A notion to Sardinia was one of the most common disciplinary measures or threats. In the circumstances it is obvious that

America and have carried with them their instinctive ability to the sanctity of cattle property. To this day a large part of the American criminal underworld is controlled by Sicilians, and the links between the underworlds of the U.S. and of Sicily are as strong as ever. Italy's last 25 years of Parliamentary politics have given many Sicilians a superb opportunity to develop their talents in Rome and continental Italy, almost as much as in Sicily itself.

Dour people

Sardinians are a hardy, dour people, and when they leave their island to seek work elsewhere most of them carry with them a longing to return to it. They have little natural talent for intrigue, with the result that Sardinia has become Italy's political Cinderella. Since the war they have produced only one nationally prominent politician, the former President of the Republic Signor Antonio Segni, who had a stroke in 1964, from which he has never recovered. It is probably not a coincidence that Sardinia's "rebirth" plan was approved and financed by the national parliament in the 1950s; when Signor Segni was one of most influential politicians in Italy.

Once Italy Sardinia is known mainly for its kidnapping brigands and for the Aga Khan's choice of its north eastern coast, which is called "Costa Smeralda" (Emerald Coast), for tourist development. Sardinian brigandage is quite different from Sicily's Mafia. A cynical assessment of it would be to say that technologically it is at least a century out of date in comparison with the Mafia. Kidnapping for ransom is a post-war development. But the root of all Sardinian brigandage, including kidnapping, is to be found in the backward social and economic conditions of the sheep-raising centre of the island, characterised by wild, almost uninhabited, mountains. In the eyes of the Sardinian herdsman, and according to his ancient code, sheep stealing has always been a normal practice, not a criminal one. It leaves no moral stigma on its perpetrator, but Italian law is not the code of Barbaggio, which would require the herdsman to do no more than

"Brigand shows"

The little town of Orgosolo, to the South of Nuoro, which at present is still the capital of the brigand area, will probably have to organise evening "brigand shows" for tourists, with factory workers hastily changing their blue overalls for the weather-stained brown corduroy costumes and leather gaiters of the herdsman of the 1960s.

The basic problem for Sardinia now is that of persuading Italy's national parliament to allocate more funds to push ahead with the development of the island. It will not be easy because of Italy's current economic conditions and Sardinia's lack of a political "guardian angel." Furthermore the "regionalisation" of the whole of Italy (last year regional autonomy, although to a lesser degree than that enjoyed by the first "extraordinary statute" regions, was granted to all of Italy's other 15 regions) is weakening the "extraordinary statute" ones; that is to say Sicily, Sardinia, the Aosta Valley, the South Tyrol and Trieste Venezia Giulia. Almost all the new regional authorities are getting ready to offer incentives for new enterprises not much smaller than the ones previously offered only by the underdeveloped Mezzogiorno regions.

In January next year Italy's fiscal reform should come into effect. With it the special right of Sicily and Sardinia to register stock companies with bearer shares will cease. Like those in the rest of Italy Sicilian and Sardinian companies will only be able to have nominative shares. With the issue of

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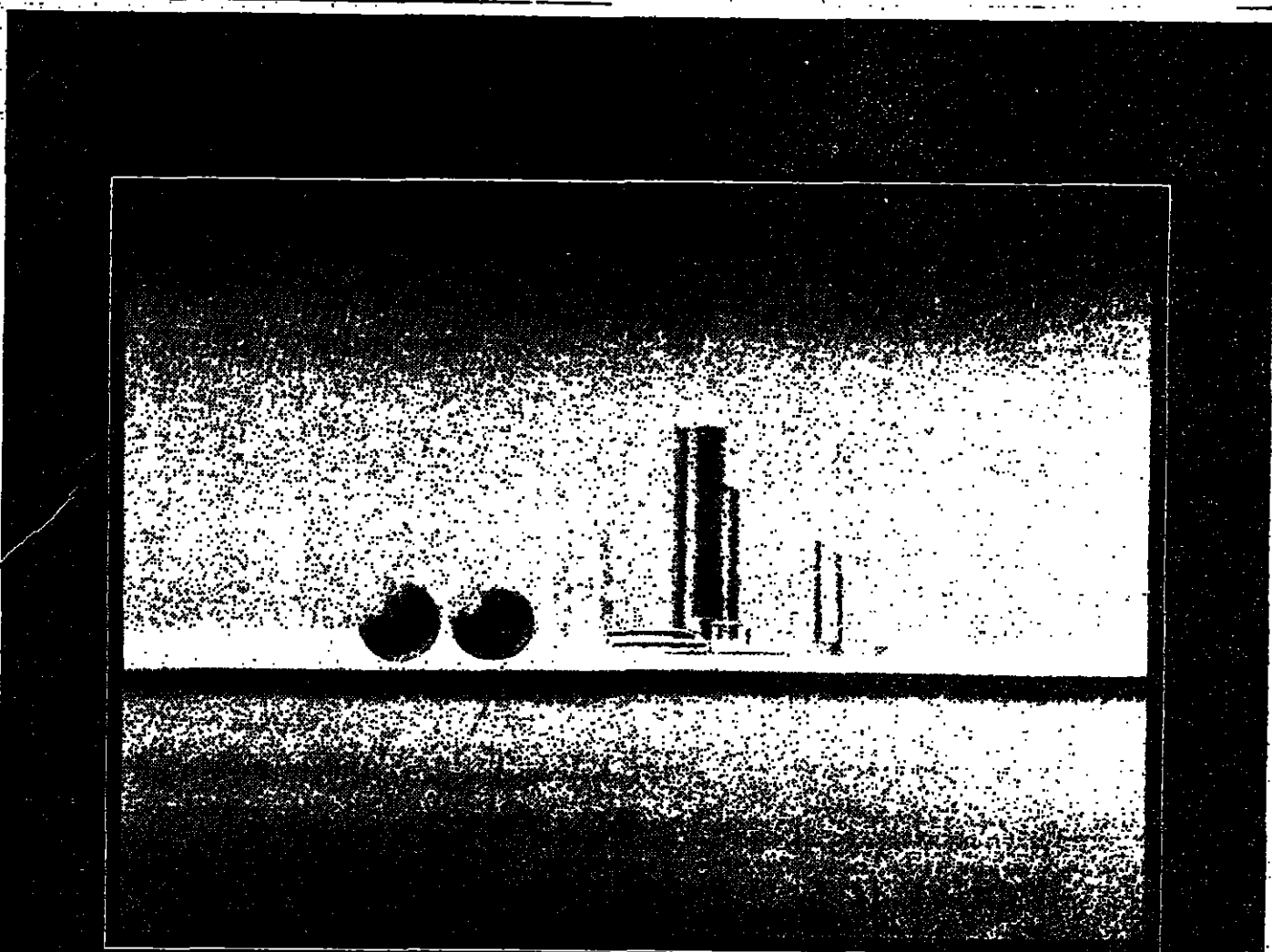
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THE GREAT OIL ROADWAY IN THE HEART OF THE MEDITERRANEAN

There is a spot in the Mediterranean where, in 1970, 12 million tons of crude oil were refined, creating an absolute record in Italy. This happened at the SARAS Refinery, located in Sardinia, where every day 600,000 tons of oil are refined and 400,000 tons of refined products are shipped out to the rest of the world.

moderna business principles and an advanced efficiency in all stages of production processes, from the arrival of the crude oil to the storage of refined products. At SARAS the tanks are equipped with a floating roof and a steel platform, the so-called "oil island". The complex has been designed so that loading and unloading operations are carried out in the most

possible time. SARAS production capacity consists of two atmospheric distillation units (1,000,000 and 200,000 BPSD, equal to 15,000,000 tons per annum), one further process unit, and a tank farm with a total capacity of approximately 5,000,000 cubic meters.

A leading position both nationally and internationally. SARAS positions can help, expand and stimulate to serve for further improvement in the service of the Italian oil industry of tomorrow.



Still waiting—(Cont'd.)

Continued from previous page he island, which is covered by the province of Nuoro, Sardinia's third town, is known as "Barbagia." This comes from the name of "Land of the Barbarians" which was given to it by the Romans when they first attempted to conquer Sardinia in 230 BC. They failed to conquer and colonise Barbagia, just as all those who followed them up to 1971. AD have failed, if not to conquer it, at least to integrate it with the rest of the island. Even now the barbaricini, the population of "Barbagia," consider the laws and the administration of justice of Italy something strange, superimposed on them, and towards which they have no moral obligation. The only laws they recognise and abide by (apart from fear of reprisals by the police and the troops) are those contained in their own unwritten code, the code barbaricino, which has been handed down from father to son for hundreds of years.

This applies not only to the nomadic sheep herdsman of the province of Nuoro, but, perhaps unconsciously, also often to the educated and sophisticated barbaricini as well. The province of Nuoro has a population of 282,000, covers an area of a million and a half

Sheep raising

acres and has 1.2m. sheep. It includes the Gennargentu group of mountains. Sheep raising is its main activity. The barbaricini herdsman ("shepherd" gives the wrong idea. The herdsman of Barbagia have nothing to do with the concept of gentleness which the word "shepherd" conjures up) are nomads and are away from their homes for most of the year. In spring, they lead their flocks up to the mountain summer pastures and in autumn bring them down again to the winter ones. They sleep no more than a few nights in the year at their homes. Their customary beds are made of freshly cut branches and leaves covered by sheepskin blankets. Often they do not see another human being for weeks on end.

It is they, who produce the outlaws and brigands of Sardinia. Often some of them are wanted by the police for a crime which is not considered a crime at all by the barbaricini code. They then enjoy the help and tacit support of the entire population of Barbagia and are

able to stay at large for many years and even visit their homes regularly.

What is planned to be Sardinia's biggest single industrial development project is already under way. This is a vast petrochemical and textile complex, which is being built at Ottana, a desolate little village (population 1,800) in the centre of the island in a wide valley overshadowed by the Gennargentu mountains. It is aimed at the herdsman of Barbagia, at providing an opportunity for them to do something different from sheep raising and thus become integrated into a 20th-century society. Its cost is estimated at £40m, which by the time the complex is completed is likely to be nearer £80m. The hope is that where machine-guns, helicopters, police dogs and heavily armed posses have failed, economic opportunity will succeed.

A committee of Italy's national parliament has been conducting an inquiry into the causes of Sardinia's brigandage. It is about to submit its report. In Sardinia it is hoped that brigandage had become tax havens of a kind, due to lack of economic opportunity and to recommend that the allocation of another £275m. will damage the backward "rebirth" plan.

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SARDINIA III

Industrialisation's mixed blessings

Petroleum refining and petrochemical industries have become the backbone of Sardinia's industrial development. This has not come about as the result

of a deliberate choice. They are capital-intensive industries and provide little employment, a system which, given the option, Sardinia's economic planning body would not have welcomed.

The petroleum and petrochemical industries have been based on the northern coast, near the town of Sassari, and on the southern coast, near Cagliari. They have been largely responsible for the growth of Sardinia's gross product. But they have also caused increased

in other words Sardinia's investment has been estimated at about £216m., but will almost certainly end up by exceeding £300m. The creation of each job at Ottana will cost about £30,000: the price to be paid to break the isolation of Nuoro's sheep-grazing society is a high one. The Ottana project is not without critics, who claim that a much smaller investment in other fields could achieve better results in the creation of new jobs. They also point out that this is hardly the time to expand the textile industry.

Raw material supplies for Ottana, mainly crude oil, will have to come from the coast and a pipeline from the Cagliari area will probably be required. At present Ottana still is a little village, but a mile from its church power bulldozers are hard at work and cement is being poured in laying the foundations for the Chimica del Tirso plant. Ottana itself will obviously grow almost overnight to at least ten times its present size. But the plan is to avoid settling at Ottana the families of all the men and women who will be working there. The Ottana plants are expected to give work to people within a radius of 40 minutes by coach. They will be brought in to Ottana in the morning and taken back to their home towns in the evening.

Natural talents

The discouraging atmosphere which is beginning to prevail in Sardinian economic planning circles is probably not entirely justified. If the targets which were overoptimistically set some ten years ago have not been attained, it is largely be-

INDUSTRIAL PRODUCTION IN 1968, 1969 and 1970

MINERALS (in tons):	1968	1969	1970
Antimony	151	47	—
Iron	—	—	—
Manganese	25	—	—
Copper	1,912	1,923	2,087
Lead	45,704	45,163	40,933
Zinc	200,835	174,001	146,991
Barytes	147,854	192,196	163,691
Sulphur	345,141	302,690	295,482
Fluorite	129,632	160,472	179,763

OTHER PRODUCTS:	1968	1969	1970
Fuel oil (tons)	3,371,589	5,471,509	7,115,399

larly the central Nuoro province. The result has been increased tension between the urban and rural areas and a growing feeling of resentment in the latter.

The annual rate of growth of the gross industrial product in Sardinia between 1962 and 1969 exceeded 9 per cent. That of agriculture was less than 3 per cent. Almost exclusively thanks to the petroleum and petrochemical industry Sardinia averaged a 6 per cent. rate of growth. A recent study by the Regional Planning Centre says: "Another most important aspect of the mechanism of development concerns the characteristics acquired by the regional demand for consumption and investment in relation to the resources available. Private and public consumption has proved itself much more dynamic than the flow of investment. On the average it has absorbed about 93 per cent. of the regional income. Investments, the major share of which came from entrepreneurs and capital from outside (Sardinia), were affected by the recession which began in 1963 in the national (Italy's) economy and therefore had a low rate of growth, not more than 4 per cent. a year. Internal regional demand largely took the shape of a removal abroad (away from Sardinia) of resources through a large flow of imports of consumer goods and capital equipment. In this way the two most dynamic features of growth, on the one hand the petrochemical industry and on the other the upsurge of private consumption, both contributed to an integration of the regional economy with the national one and was therefore guided essentially by 'external' components and has proved itself inadequate to start up a genuine self-propulsive process of growth of the regional system."

cause they were over-optimistic and failed to take into consideration adequately the natural vocations of Sardinia, and the natural talents—and shortcomings—of the average Sardinian and the time it takes for enterprise and an inclination towards initiative and promotion to replace centuries of torpor.

Although Sardinia's planners may not be bubbling over with enthusiasm, petrochemicals have become the island's main industrial activity. In fact it is on a new giant petrochemical complex in the very heart of Sardinia, at Ottana in the province of Nuoro, that the hopes of the backward, agricultural centre of the island are pinned. Ottana is a village in the wide valley of the river Tirso in the shadow of the wild Gennargentu mountains. It is the sheep grazing area. It is also the area of the brigands whose hide-outs are in the mountains.

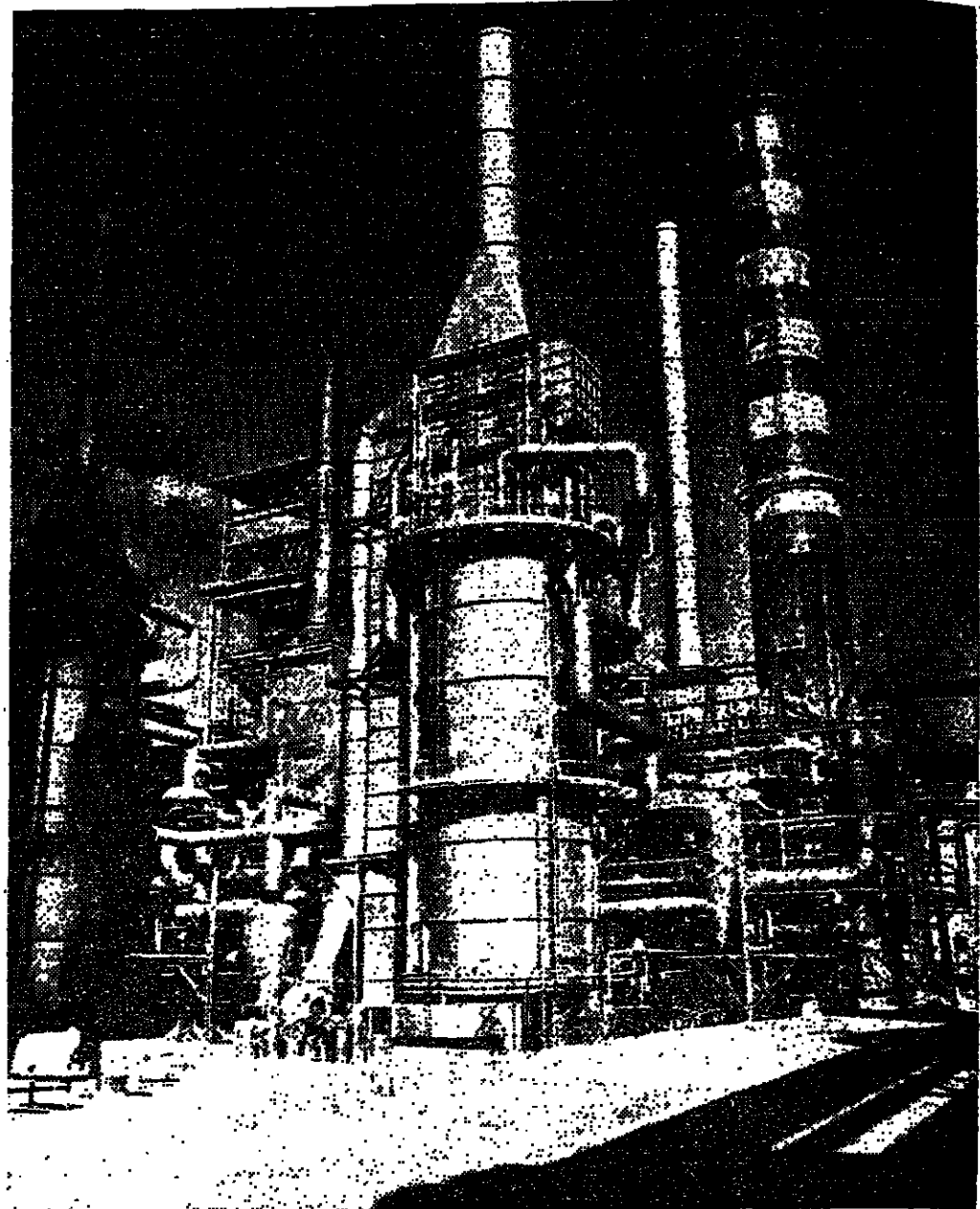
The Ottana project is based on a petrochemical plant to be called Chimica del Tirso. Downstream there will be a yarn plant called Fibra del Tirso and a textile plant called Sartex. The basic petrochemical plant will be owned 51 per cent. by Eni (of the Eni state-controlled oil corporation) and 49 per cent. by Montedison. The fibre plant will be 51 per cent. Anic and 49 per cent. Chatillon (of the Montedison group). Sartex will be owned in equal shares by Lane Rossi (Eni group), Chatillon (Montedison) and Sna Viscosa. The Ottana development area will also include a company called Metallurgica del Tirso, which will be Italy's first plant for the production and processing of titanium, with Soviet licences and know-how. The Ottana industrial area will be completed by a smaller chemical plant called Intersol.

By 1973 the Chimica del Tirso will come into production. The five plants will employ 7,950 men and women. The total

Third largest

However, there are fears that all this, although it may read well on paper, will not work out in practice and that Ottana will grow suddenly into an industrial urban monstrosity, become Sardinia's third largest town, after Cagliari and Sassari, and dwarf Nuoro, in the province of which Ottana is sited, into insignificance. If this were to occur the problems which would arise might be even greater than the ones the whole project is designed to overcome.

At present Ottana's only claim to importance is its beautiful 11th century Romanesque church. A few hundred years ago Ottana was the seat of a bishopric, but its population was wiped out by malaria and the bishop moved his seat to Nuoro. To-day the distant roar of bulldozers can be heard from the steps of the church and a survey for an airport has started. The sleepy little village is not yet really aware of what is about to happen to it.



Power station and preheating units of the S.I.R. petrochemical plant at Port Torres.

THE OTTANA INDUSTRIAL DEVELOPMENT PROJECT

Company	Production envisaged (tons per year)	Investment (millions of lire)	Employment offered
CHIMICA DEL TIRSO 51% Anic 49% Montedison	50,000 tons a year of terephthalic acid	80,000	manual clerical 400 100 700
FIBRA DEL TIRSO 51% Anic 49% Chatillon	acrylic fibres polyester fibres 50,000 60,000	176,000	manual clerical 3,500 300 3,800
SARTEX Lane Rossi Chatillon Sna Viscosa	cotton yarn wool yarn fabrics knitwear 3,000 4,000 3,000 3,000	50,000	2,500
METALLURGICA DEL TIRSO	1st plant: titanium castings and alloys etc. 2nd plant: titanium and alloy ingots, welded pipes 3rd plant: processing rare earths	6,000 6,000	manual techn. manage- 400 20 70 150 10
INTERSOL	tetrahydrofuran maleic anhydride 5,000 1,000	4,500	150
TOTAL		325,000	7,400

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ENTE MINERARIO SARDO

ENTE MINERARIO SARDO (E.M.Sa.) was set up in 1968 as part of a plan for the industrial development of Sardinia to use and develop local resources as well as give maximum employment in order to face the very adverse situation and the crisis to which the mining sector of the island has been subjected to from time to time. The mining industry in Sardinia has, in fact, been characterised in the last decade by considerable slackening in production and employment. The production of concentrates in particular decreased by 24% from 1,500,000 tons in 1961 to 1,140,000 tons in 1970, whilst the number of employees decreased by 40% from 9,900 to 5,900 persons. However, on a national scale, in the same decade, productivity remained at the same level whilst employment rose by 3.7%.

But the decrease in production and employment was not the cause for an increase in productivity: neither was this due to a fall in demand: demand has in fact risen between 1961 and 1970 to such an extent that imports of metallic and non-metallic minerals (excluding petroleum products, scraps and mining equipment) increased in value from Lit. 124,000 m. in 1961 to Lit. 237,000 m. in 1970. And, finally, the price of minerals was maintained despite deflation, thus emphasizing the weak point of the Italian mining industry, particularly as regards Sardinia. This is due to the very notable rise in product costs compared to their effect level as well as to the lack of adequate management as regards complementary operations and insufficient, or even non-existent, processing industry. In order to face such a situation, and taking into consideration social and economic factors, the regional authorities have promoted E.M.Sa. as a Public Financial Institution to carry out research on the geological structure of Sardinia, and have co-ordinated the Extraordinary Research Programme to ascertain the mineral potential in order to carry out first the extraction and processing, then the finishing and finally the marketing of the products. Besides the research policy, the Ente carries out long and medium term programmes completed according to various requirements:

(a) Acquisitions under public control of mines with greater economic and social importance (lead, zinc, baryta, fluorine) which ensure the maintenance and the development of productivity and employment.

(b) Vertical production, with unitary management for the whole mining sector from research to extraction and up to the last processing stage; the manufacturers' products thus allow for competition and profits which cannot always be found in research and extraction phases.

In short, the Ente's role can be seen in its important and constant intervention, also through associates, in the sectors which have most undergone recession and aims to safeguard employment and production by setting up new companies or taking a shareholding in existing companies, to promote the industrial activities in the sectors in which there is the greatest potential for productive investments and which are economically active, there is already some evidence of recession curbing and in some cases significant recovery showing an overall revival in the mining industry. Meanwhile, it is also interesting to make a factual appraisal of the sectors in which, until now, the Ente's activities have resulted in concrete developments.

In this respect, and as regards a policy aimed at achieving immediate results as well as long-term projects for subsequent development, the Ente's initiatives in the lead-zinc sector will be noted for its preponderant quarrying industry (183,000 tons of concentrated metal and 80,000 tons of metal in 1970) and for its numerous possibilities of a diversified range of manufacturing industries, in the sectors of Barium oxide and fluorine which are very much in demand by the same foreign markets for growing use in industry, and whose local production (respectively 164,000 tons and 130,000 tons in 1970) represents 80% and 80% of the national output and were destined, until this day, almost totally for export to the U.K. and the E.E.C. countries; and finally in the sector of ornamental stones, particularly marble and granite (54,000 tons) in which the Ente intervened because of the abundance of raw material which has not yet been adequately exploited because of the equally favourable prospects of export and the low profitability between investments and employment, in the quarrying stage as well as in successive stages.

In conclusion, whether as a research policy or whether as an entrepreneurial intervention, the Ente's activities lie in a vast economic horizon, whose fundamental aim is to seek a new balance which whilst overcoming short-term projects concerned only with mere profit, lead, as foreseen by Lord Beveridge, to put capital in research of labour and not the contrary.

Agriculture falls short of target

The target set for Sardinian agriculture in the region's five-year plan (1965-69) was a 5 per cent. annual rate of growth in the market value of the crops produced. The number of men employed in agriculture—about 137,000 in 1964—was expected to increase very slightly. At the end of the five-year period the pro capita gross product was expected to have increased by over 25 per cent. Sheep and cattle raising was to have brought about the overall growth in agriculture, together with a high rate of growth in horticulture. The growth of Sardinia's agriculture was to have been achieved by irrigation and improved methods of sheep and cattle rearing in contrast to the nomadic grazing which characterised the island at the start of the plan.

Unfortunately the objectives of the plan have not been realised. In fact achievement has fallen far short of the plan's over-optimistic objectives. In particular, the total number of head of cattle and sheep has declined rather than grown. The share of the regional income secured by Sardinia's farmers and peasants is even smaller than before the plan started and the rate of growth has been less than 2 per cent. Agriculture's share of the gross regional product has declined from about 26 per cent. to about 20 per cent.

Planning failure

It is difficult to allocate the blame for this failure. Basically it is probably due to the failure of economic planning on a national scale in Italy, and therefore, inevitably, also in Sardinia. As in Italy in general the public sector has done little more than pay lip service to the objectives and timing of the plan.

A recent study produced by the Regional Planning Centre called "Sardinia, options for the seventies," says: "The agricultural sector has ceased to be the focal point of regional development both owing to the intervariations within the system in



Market at Alghero.

which industry has acquired an ever increasing role and to the slowness with which the (agricultural) sector has responded to urgings towards transformation and improvement in the level of efficiency of its structures."

Sheep and cattle rearing and horticulture are undoubtedly the two fields in which Sardinia can achieve the greatest progress in agriculture. Increasing supplies of water, irrigation and better utilisation of existing supplies make this possible.

Sardinia is thinly populated and is the Italian area best suited to cattle rearing. Adequate supplies of water, which are becoming available as the result of the construction of dams and reservoirs, and irrigation systems could transform the present method of nomadic dry

grazing into settled grazing on ownership. One of the results of the 1820 law, enclosing what until then had been considered common land, is the breaking up of land property, through inheritance, into excessively small lots. The Sardinian character does not lend itself to the establishment of co-operatives among peasants for the purpose of grouping together a number of smallholdings to be managed efficiently as one large estate. A few years ago a major American cattle-raising company

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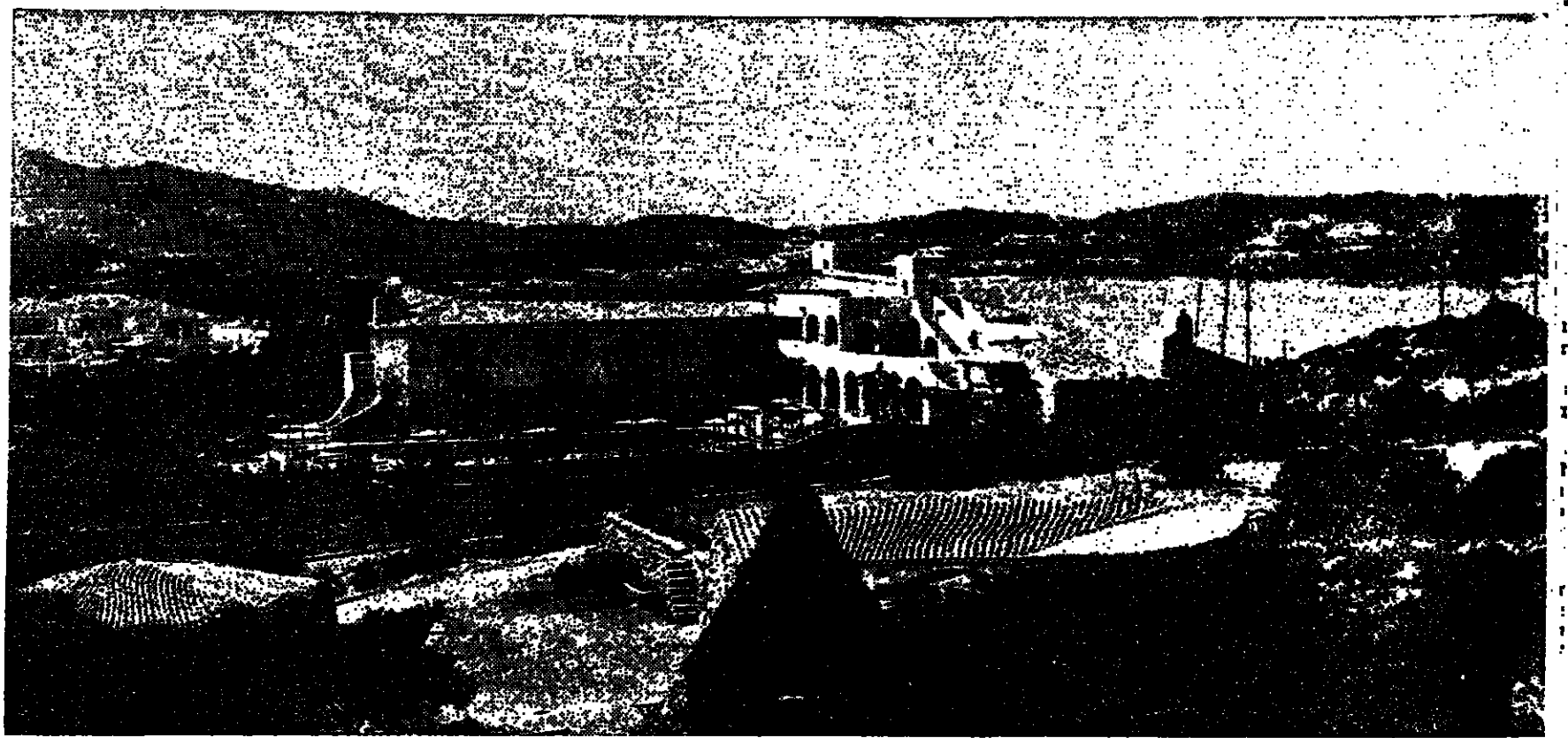
AGRICULTURAL OUTPUT IN 1970

	tons
Wheat	123,270
Grapes	336,440
Olives	71,110

SARDINIA IV



Grape harvest.



New Tennis Club at Porto Cerva, Costa Smeralda.

Wine industry seeks wider recognition

RAYMOND BAKER

In Cagliari in mid-October the temperature is apt to be between 75-80 degrees Fahrenheit. It is also vintage time and today Sardinian wine-growers are conscious of having overcome the special problems involved in producing first-class wine in a hot climate.

Sardinia is very much in the Mezzogiorno, at a latitude just south of Naples. Grapes which are ripened too close to the ground become too sweet and are unsuitable for table wine. Indeed, sometimes they almost become "cooked" before harvesting, producing a slightly burnt flavour. The vines grown in Sardinia used to be for the most part the low alborello vine, which produced sweet dessert wine, but this is hardly cultivated now. Like all producers in Italy, every Sardinian wine grower of any size is acutely aware of the necessity of gaining the prized legal classification of origin known as *denominazione d'origine controllata* (which is really the Italian equivalent of the French *appellation contrôlée* but is in fact slightly more rigorous in its application). The "DOC" is very

much in demand because it is an indicator of quality. It has been applied with some severity in Sardinia and one of its qualifications is that vines shall not be less than 50 centimetres from the ground or too sweet a grape will be produced. This has virtually put an end to large-scale cultivation of the low alborello vine, which, in fact, only lasted so long because it was used for blending and because it did not need much depth of soil.

Privately owned

The DOC has not yet quite arrived in Sardinia, but it is understood that 15 wines will qualify shortly. As in most parts of Italy, wine in Sardinia is produced in privately owned wineries or, more usually, in a co-operative known as a *cantina sociale*. Wine is often described as *vino tipico* where *tipico* means characteristic of the region—and must be so if it is to be so on the label. It is surprising that Sardinian table wines are not better known. As table wines they are quite excellent.

One ought not to discuss wine

in a Mediterranean island of which Vecchia Sardegna is probably best known.

Sardinia's importance without reference to its food. This is very varied, with great emphasis on fish, as might be expected. Spanish influence is everywhere apparent; homely Italian dishes such as *minestrone* may be composed of semolina, with fat bacon and onions or perhaps a mixture of meat, ham and beans. A fish soup will have some ten to 12 different kinds of fish; a dish known as *Su pilau* is composed of rice in the gravy of lobster, prawns or octopus. Young porchetto or sucking pig together with young lamb take pride of place among the meat dishes. With all these dishes the wines normally drunk are *vino da pasto*, which are both cheap and good.

There are a great many wines (more than 40) produced in 37 wineries, both private and co-operative. Some of the best known perhaps are: I Piani (Mistral, an excellent carafe wine), Cannonau, Malvasia (Malmsey), Giro, Vernaccia (like a good fino sherry), Monica, serti wine, by no means too sweet at about 17 degrees and also four drinkable brandies, of

which Vecchia Sardegna is probably best known.

Brooding hills

On the main island highway out of Cagliari on the green plain of Campidano, overlooked by brooding hills and mountains, is situated Dolianova, a representative co-operative winery of some size. Using the ancient name for Dolianova on its labels (Parteolla), some good examples of Sardinian wine are produced here. Cannonau is a dry red wine with an agreeable after taste, probably best described as a very good ordinaire. The Nuragus made here is what the Italians call a "fish wine" since it goes very well with fish dishes. Dry, with an appreciable balance of fruit and acidity, it is a very pleasant table wine. An old wine-grower here said that he divided his wines into "wines for every day and wines for Sunday"—a disarming way of describing the difference between them. The wine is bottled in Italy, which must affect the retail selling price. There are, however, many Italians, such as the knowledge-

round, full and pleasant red wine called Monica, also a strong red dessert wine called Giro not unlike port.

The fact that these wines are so little known outside Italy is due to the quite incomprehensible lack of attention to selling and marketing methods on the part of the Italians. Incomprehensible, because everything else Italian, be it shoes, suits, shirts, or motor-cars is sold with great enthusiasm in Britain. Italian wine in Britain, however, has become synonymous with Chianti for too long. However, at last attempts are being made to begin publicising Italian wine in general in Britain in a planned campaign which should rescue this alcoholic Cinderella. However, it is pleasant to record that, owing to the hard work and perseverance of a lone Sardinian wine importer in Britain (Sardian Wines Ltd.), many of the wines mentioned above are available at surprisingly reasonable prices. Nearly all Italian wine is bottled in Italy, which must affect the retail selling price. There are, however, many Italians, such as the knowledge-

able Dr. G. B. Lampani of the Institute for Foreign Trade in Rome, who realise that Italy's wine trade must move with the times; that Europe's biggest wine-producing country must sell its wines in upright Portugal.

Agriculture—(Cont'd.)

Continued from previous page

the Aga Khan had to deal with hundreds of small landowners. The average price paid in the end was enormously high for land which previously had little or no market value.

Forest problem

Out of about 5m. acres of agricultural land in Sardinia, about 700,000 acres are forests and woodland. Although reforestation is not quite as urgent a problem in Sardinia as it is in other areas of the Mezzogiorno and of Italy in general, where indiscriminate deforestation is the cause of soil erosion and floods, it is still an important objective. Unfortunately it is not an objective that the herdsmen believe in. Their view is that forests and wood-land only deprive their flocks of

grazing land. Forest fires during the summer have become a common occurrence and a terribly destructive one.

Fire-fighting equipment and personnel is hopelessly inadequate in Sardinia. This summer alone several thousand acres of forest and bush were burnt down. Irreplaceable oak forests and juniper trees were lost. Not even the "Costa Smeralda" saved itself from forest and bush fires. This autumn vast areas instead of being emerald green were black with the charred skeletons of juniper trees and bush. The black will be washed away by the winter erosion and floods, and green grass will grow in its place, but the Mediterranean bush, which is one of the most beautiful features of the area, has gone for ever in the burnt areas.

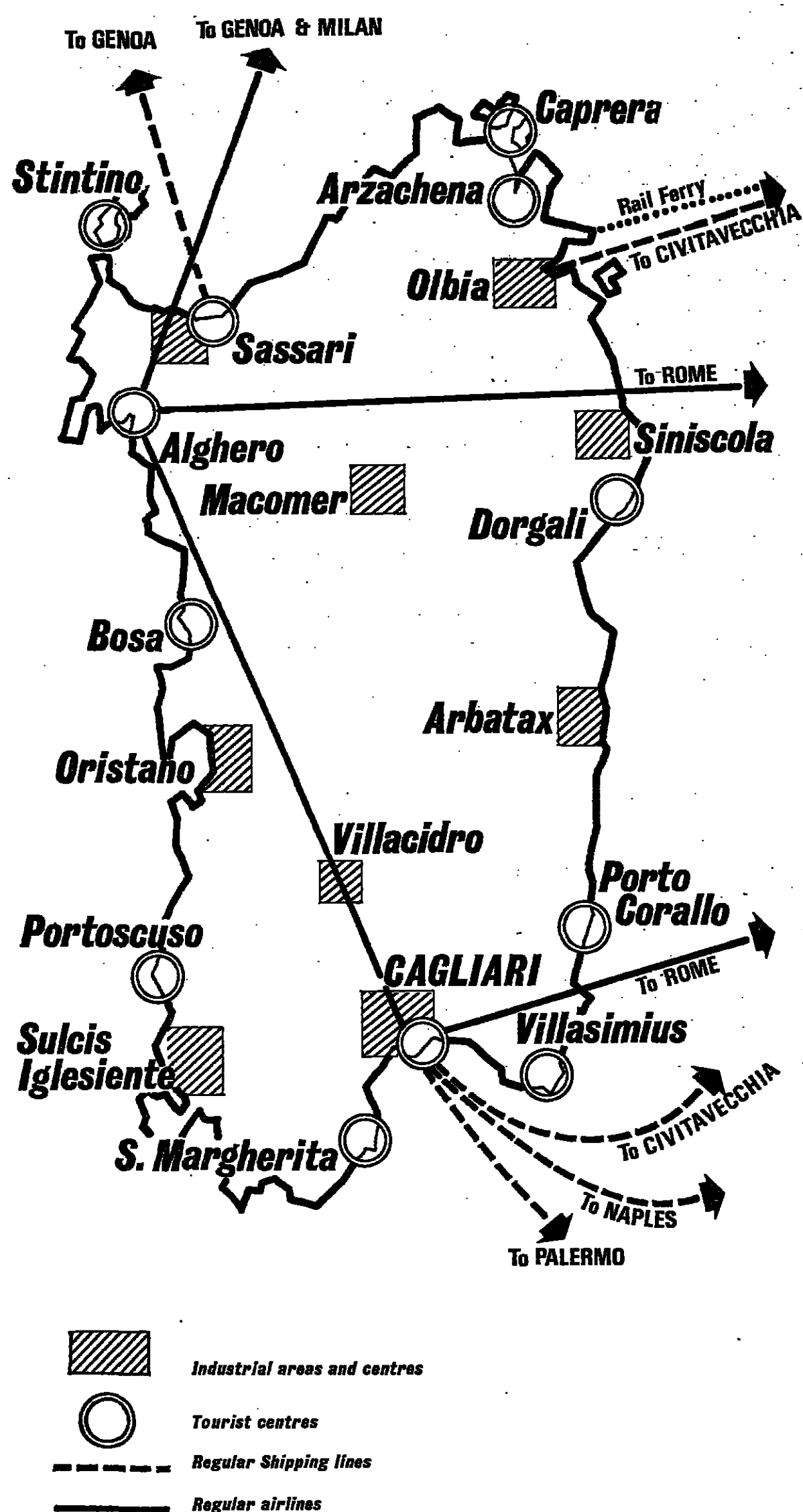
ENI



ENI HELPS INDUSTRIALISE SARDINIA

In this depressed area of central Sardinia, ENI will build an industrial complex giving permanent employment to some 7,000 persons. One sector of the complex will consist of plants for producing annually 55,000 metric tons of polyester fibres, 50,000 tons of acrylic fibres, a large quantity of poromerics and 80,000 tons of terephthalic acid. A second sector will be devoted to manufacturing goods using part of the products coming from the first sector, and also making finished goods such as garments, knitwear, etc. The ENI group already operates in Sardinia in the petrochemical sector through the affiliate SARAS CHIMICA, and for many years has been selling petroleum products through 230 AGIP retail outlets. On the Island, also through AGIP, ENI has 4 motels, at Nuoro, Sassari, Cagliari and Macomer.

REGIONE AUTONOMA SARDA



Production:

Agriculture:

High-grade wine
Wheat
Cork
Sugar
Selected rams
Olive oil
Early garden and orchard products
Flowers
Cheese
Artichokes
Green Peas
Red and green tomatoes, tomato sauce and peeled tomatoes

Industry:

Aluminium and alumina
Lead
Zinc
Iron
Coal
Talc
Barium
Fluorine
Kaolin
Printing paper
Synthetic resins
Furfural
Refractories
Insulators
Carpets
Pre-fabrications
All products petroleum distillation machinery for chemical plants.

Handicrafts:

Cloth
Leather
Terracotta
Shoes
Carpets
Fabrics
Artificial yarns
Carved wood
Basketry
Embroidery
Wrought iron
Coral

Benefits for new Industries

- Incorporation
 - Long term financing at reasonable rates
 - Contractually stipulated taxes
- The industrial areas and centres, the highways, etc., are in their entirety taken care of by the State.

IT'S A BARGAIN INVESTING IN SARDINIA

Italy's legislation favouring investments in industry and tourism provides especially favourable conditions and incentives for enterprises in Sardinia.

Further information on business opportunities is obtainable by writing the Regional Office for Industry and Commerce, or for Tourism at Cagliari.

Of course, operators must determine the practicability of the opportunity offered to them. But we believe it is necessary to show them the range of investment possibilities, indicating recent developments that will probably continue in Sardinia's future economic growth.

Regarding this, we believe it is useful to point out the strategic economic role that geography has assigned to Sardinia by situating the island in the centre of the western Mediterranean, very close to the great new petroleum fields in Libya and on the sea route to Suez and the Middle East.

The insularity of Sardinia, and its consequent negative effects, have been greatly offset by the rail-sea connections for ferry-boats between Civitavecchia and Golfo Aranci, and by the fast ferries connecting the ports of Cagliari, Portofino, Olbia with all major Italian ports (Genova, Leghorn, Civitavecchia, Naples and Palermo) and soon with Tunisia, Spain and France (Toulon) and Corsica (Bonifacio, Bastia). The airport system has been developed to the stage of guaranteeing Cagliari, Alghero and Olbia with jet connections to all directions and destinations.

The realisation of the importance of Sardinia's strategic economic position has resulted in the decision to study the building of a port at Cagliari specialising in container traffic and to be used as a terminal point for distributing freight throughout the Mediterranean. This container port is planned for one of the basins of the industrial port system to be built in a lagoon near Cagliari. Apart from the special equipment for loading and unloading containers, this area offers almost unlimited flat land for warehouses handling freight and for the breakdown of container loads. The cost of unloading and handling, according to recently completed studies, indicates tariffs competitive with other big Mediterranean ports.

The port terminal, which will handle ocean-going container ships bringing in freight for distribution to other Mediterranean points and taking on outgoing containers, would also fit in with the traffic of the industrial ports and the old commercial ports. Total traffic could reach 6 million tons a year. The sizeable port network offers savings for general services besides the planned basin and ship repair works.

The development provides all the services necessary in a big port area for any potential industrial activity. Added to the Cagliari traffic must be that of the anchorage at nearby Sarroch serving a refinery whose traffic is more than 25 million tons a year besides 20 million tons of oil. Other opportunities for expansion in the port include commerce, import-export, maritime insurance, etc., by existing foreign firms or to be created with foreign capital.

The presence of sizeable petrochemical industries in Sardinia—SOCIETA ITALIANA RESINE at Portofino, now the third giant in Italy's chemical industry, SARAS and RUMIANCA at Cagliari—indicates great potential developments: for instance man-made fibre productions by SNIA VISCOSA, TESSILI SARDE ASSOCIATE and plastics by the French company SELPA.

The agreement between the SARAS refinery and ANIC, the chemical affiliate of ENI, for joint development of SARAS CHIMICA shows the space available for occupation and production of aromatics in Cagliari—Sarroch.

Another big possibility for development is beside the great public metal works at Portovesme: ALSAR, which will produce 100,000 tons of aluminium per year, EUROALLUMINA 600,000 tons per year of alumina and AMMAI will produce with the Imperial Smelting process about 100,000 tons of zinc and lead per year (in a 60/40 ratio). All this potential is backed by a huge supply of energy from the Portovesme thermoelectric complex.

The production of fluorine will be added to aluminium production as in Sardinia there are active deposits of fluorite: first for artificial cryolite and then of fluoridic acid for liquid refrigerants and propellants, also thanks to the local availability of chlorine at RUMIANCA's Cagliari complex.

MINERARIA SILIUS and partners lead in mining and chemical production of fluorine.

Speaking of propellants and referring specifically to the use in missiles of metallic molybdenum and alloys, there is a sufficient availability in Sardinia of molybdenum minerals.

From fluorite to baryta there is an easy shift, keeping in mind that in the mineral field there already exists in Sardinia an international initiative Bario. The Sardinian company, FERRARA, extracts two-thirds of Sardinia's baryta (over 200,000 tons could be extracted yearly) and is expanding, and planning an investment of Lit. 7 billion (US\$11,160,000) for the chemical processing of baryta, which is open to foreign capital on agreement.

The regional firm EMSA—Ente Minerario Sardo—is interested in the baryta programme. This company acts mainly in the mining and metallurgical field of zinc and lead. Foreign capital (English) also participates in the magnesium sector (extracted from seawater) at Sant'Antioco.

The large supply in Sardinia of bentonite, argill of all types and kaolin, already feeding an important industry for refractories, talcum and peat, together with the great availability of sodium chloride, completes the list of available raw material. In the mining field itself, besides the ancient and large deposits of lead and zinc, prospecting shows the possible availability of tin and bauxite.

With plentiful water supply and a fine climate, it is possible to grow, thanks to cultivation under plastic protection, early fruit, vegetables and flowers. These are already exported in large quantities by air. There is also room for continued investment in food processing and the sales promotion of exceptional wines of high quality and variety which should satisfy a wide range of tastes.

The other vast sector for foreign investments in Sardinia is that of tourism. Significant investments already present include Swiss capital on the east coast of the Gulf of Cagliari, Belgian capital in the south on the Tyrrhenian (Sarrabus) coast, and the already internationally known Consorzio della Costa Smeralda in the north east developed by the Aga Khan, Guinness and other financiers.

The almost unlimited space available along the coast increases the possibility of obtaining public participation in developing infrastructure and acquiring credits and other benefits for tourism, from public organisations similar to those offered for industrial expansion. The opportunities for foreign capital investment are excellent considering the natural assets of a very good climate and beautiful scenery.

Tourist agencies and companies also can participate without risk, in the benefits of Sardinian tourism by recommending that clients take fast and cheap air flights to the magnificent beaches of the Island. However, one venture with risk capital, aimed at promoting tourism here, has been undertaken by Fortes Ltd. of England who are in partnership with S.A.I.A., an affiliate of the Italian Bastogi Group, and are building the Santa Margherita Holiday Village set in the beautiful pine forests on the western shore of the Gulf of Cagliari. The village consists of 436 bungalows and four hotels with a total of 1,500 beds (1972: 3,000 beds).

This brief list of opportunities in Sardinia indicates a wide range of enterprises and attractive incentives. Whoever comes to Sardinia with capital, capacity and goodwill will receive a sincere welcome "benvenuto".

Ignazio de Magistris,
Press Agent for the Regional Government of Sardinia.

INCENTIVES FOR INDUSTRY

The State Government and the Regione Sarda have arranged a series of incentives for manufacturers to carry out industrial development in the Island.

This is a series of financial incentives, as well as facilitated loan rates and contributions on capital account; of fixed size incentives; fiscal facilities, discount on railway and sea-transport rates, customs exemptions etc. All incentives are intended to ensure the manufacturer with adequate capital and to relieve him at the start of operations from otherwise burdensome costs.

It would be too long to explain here the contents of numerous national and regional measures planned to promote Sardinian industrialisation.

The Sardinian Credit for Industry (C.I.S.) is qualified to grant financing for the construction of new industrial installations, and for the renewal, the conversion, and the enlargement of existing installations.

The facilitated financing percentage can reach up to 70 per cent of total investment.

For investments of over US\$ 20 million, the financing percentage, on the share exceeding this figure, cannot exceed 50 per cent of percentage granted for the first US\$ 20 million.

The percentage of financing changes according to the location, the field and size of the enterprises.

Rate Facilities

The annual interest rate, inclusive of any additional burden and charges, changes according to the amount of the fixed investment.

The rate is fixed as follows:

- for financing installations and locking up (fixed investment) not over US\$ 10 million: 4 per cent.
- for financing installations and locking up over US\$ 10 million: 5 per cent if the enterprise is a recognised priority by reason of size and area; 6 per cent for non-priority enterprises.

Further favourable treatment is reserved for middle and small sized industries (i.e. those industries that have an invested capital not exceeding US\$ 10 million); these can obtain financing not exceeding US\$ 2,500,000, a rate discounted to 3 per cent.

The maximum term for the financing of new installations is 15 years, including a period of 5 years less redemption.

Among financial incentives which deserve special mention are the sinking-fund contributions which allow enterprises to keep high installation costs, in countries not yet self-sufficient.

Contributions are granted by the Cassa per il Mezzogiorno and by the Regione Sarda, the latter with the funds from the Piano di Rinascita di Sardinia, of not over 40 per cent of total expenses for preparing and enlarging industrial installations.

Computers are used to calculate the expense of machinery, equipment, building works and other expenses.

Tax Facilities

Another important series of State incentives allows enterprises to reduce considerably the burden of taxation. It is moreover necessary to consider the regional legislation whose laws provide the following facilities on this subject:

Transferable Shares

According to the regional law of April 12, 1957, n.10, companies within the territory of the Regione Sarda can issue transferable shares for establishing and managing: new industrial and tourist installations and new shipbuilding enterprises for Sardinia, provided that the companies have their Head Office in the Regione territory.

An immunity of ten years from tax on capital, business and wages is applied to industrial profits from the first profit production year of the new industrial enterprise, and reaches the share of profit relevant to trade exchanges.

Customs Immunity

Are free (until December 31, 1980) from any duty: machines, work-tools and building material sent to Sardinia for the production and processing of agricultural products of the Regione and for its industrial development.

Further facilities, particularly important to Sardinia, and considering its geographic nature, are allowed on transportation rates.

SARDINIA VI



A view of Cala di Volpe, a luxury hotel designed by French architect Jacques Couelle.

Tourism the only natural vocation

Sardinia was put on the international tourist map thanks to the Aga Khan and to the brigands. The former's widely publicised discovery of the island's still unspoiled natural beauty and the romantic-sounding deeds (not so romantic for their victims) of the latter proved to be a magic formula. Obviously the Aga Khan could not have discovered the breathtaking beauty of so much of Sardinia's landscape had it not been there. Nowadays tourism on the island is booming, but a little-remembered contribution to it is the post-war campaign by the Rockefeller Foundation which stamped out the malarial mosquito in large areas of Sardinia, rendering development possible.

The island's coastline has a length of 1,150 miles. Some of it is rocky, particularly in the north, and some of it consists of sandy beaches. Almost all of it is beautiful and almost all of it has been sold to developers over the last 10 years. This does not mean that it has all been developed. Hundreds of miles of coastline are still wild and almost untouched by human hand. Even though large petroleum-based industries have grown up in the north, at Porto Torres, and in the south, near Cagliari, the sea around Sardinia is still clean and clear. The Aga Khan's Costa Smeralda owes its name to the emerald green transparency of its water.

Inland the landscape is rugged and wild. The mountains of Gallura, in the north, have strange, dramatic shapes. The wind-eroded granite boulders with which the whole of Gallura is strewn have

Won the day

Rightly or wrongly the backers of industrial development have won the day. But the debate is still raging. In comparison with the sums which are being devoted by the regional and national authorities to promoting the growth of industry, those granted to tourist development are little more than the crumbs. Less than a quarter

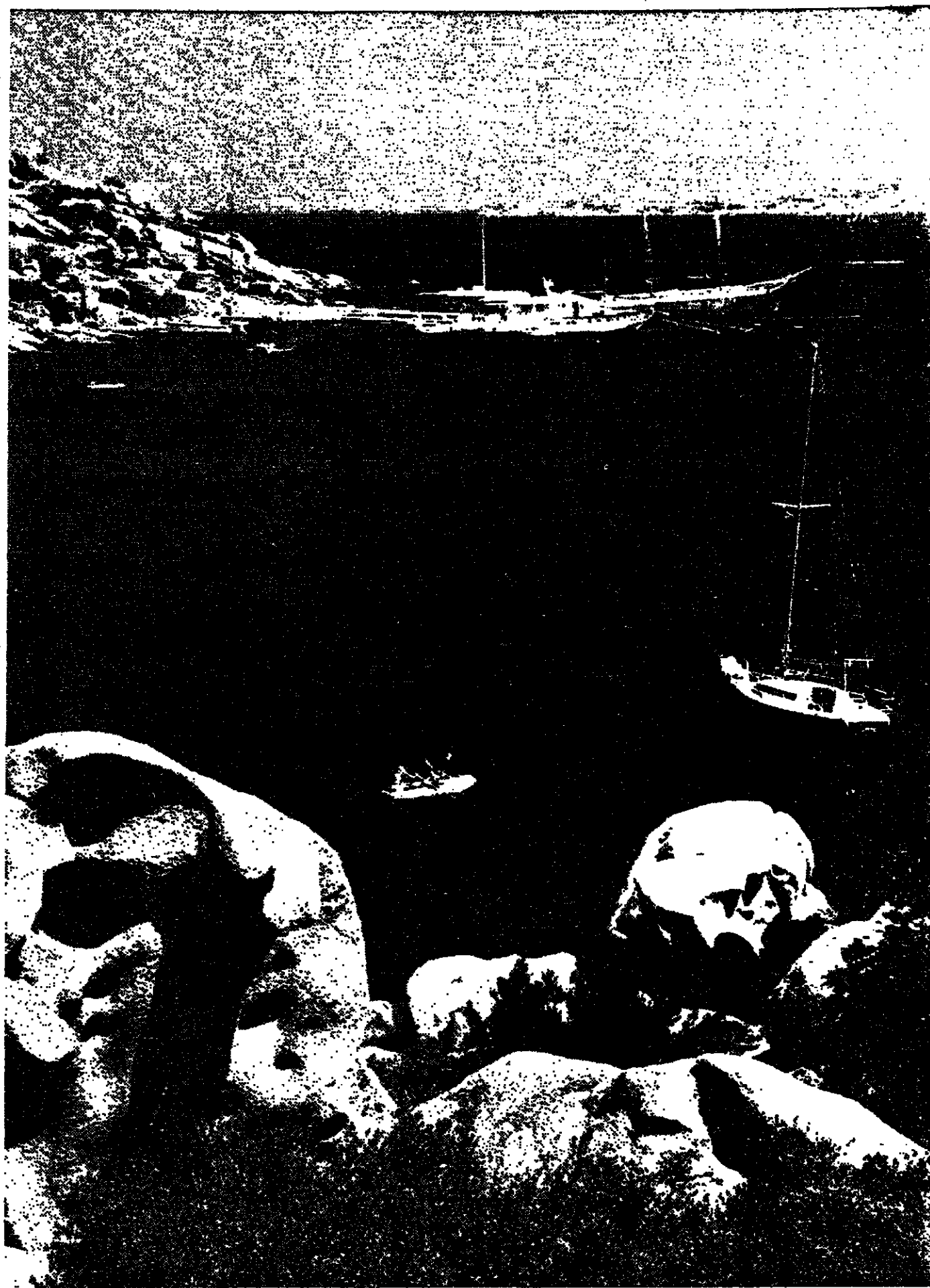
of the sum which is being envisaged for the Ottana industrial complex would be enough to generate in the tourist field at least as many jobs as Ottana is expected to provide.

Unfortunately, complete and reliable figures on the wealth generated by hotel and residential tourism in Sardinia do not exist. The only figures available concern the number of bed-nights spent in the island's hotels (about 2.5m. this year), the number of employees in the hotel trade (about 8,000), the cost of building one hotel room. It is estimated that every three hotel rooms provide one job for a hotel employee. But the indirect benefits provided by tourism have hardly been guessed at. There is also the fear that the choice of industry as Sardinia's main path to development may damage the golden eggs which are being laid by the tourist trade. The main assets of Sardinia's tourism are the natural unspoiled beauty of the landscape, the cleanliness of the sea and of the air. Will it be possible to reconcile them with factories and the urban centres around them? A manager of one of the plants which are being built at Ottana was recently overheard to say "one of our advantages here will be that we shall have a first class river, the Tisro, for the drains of the whole industrial complex." At present the Tisro is one of Italy's few unpolluted rivers.

Sardinia's seaside resorts cover the entire range of tourist

Own villa

But Sardinian tourism is not restricted to the hotels. "Residential" tourism is one of its characteristics. An increasing number of people are building their own villa. The Costa Smeralda, as well as half a dozen hotels ranging from luxury class to just good, also offers villas and flats to the visitor who wants greater privacy and independence than even the best hotel can provide. The Costa Smeralda is endeavouring to rid itself of its "millionaire's playground" label, which certainly produced most of its publicity ten years ago but has now become more of a liability than an asset. Millionaires, the real ones, tend to be very capricious about their play-

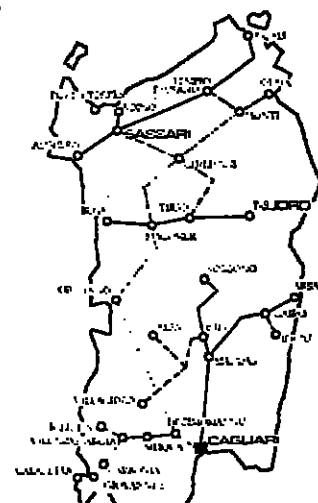


The Porto Rafael Yacht Club and bay.

grounds and rarely favour the same one for two or more years running. Obviously anyone contemplating building a house on the Costa Smeralda should be very popular with his bank manager, but he does not have to be a millionaire.

Another successful development a few miles north of the Costa Smeralda is Porto Rafael. It is much smaller, about 300 acres instead of the Aga Khan's 6,000. Unlike the Costa Smeralda, Porto Rafael has a purely residential character—that it has no hotels. Its flavour and background are even more English than those of the Costa Smeralda. The land was acquired and is being developed by a company called Anglo-Italiana. The name of its small

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Gradual decline of mining activity

For many decades Sardinia was thought to be an almost untapped mineral Eldorado. Even now there are a few Sardinians who still think that this is the case and that the island has been kept from becoming a mining paradise by a malicious anti-Sardinian Italian continental plot. Faith in Sardinia's mineral legend was strengthened in the late 1930s by the Fascist regime's national self-sufficiency campaign when textile fibres made from casein were said to be far superior to Australian wool and Sardinia's Sulcis lignite was described in glowing colours as infinitely better than coal imported from Britain. A town baptised Carbonia was founded in the south-west to celebrate the region's development of Sardinia's mineral "wealth." At the peak of the boom up to

50,000 people were employed in Sardinian mining. When the Fascist regime collapsed in 1943 Sardinia's mineral myth collapsed with it. Since then there has been no halt in the gradual running down of the island's employment in mining. By 1951 it was down to just over 18,000. At the end of last year it had dropped to 5,864. The bulk of the decline concerned coal (8,905 in 1951 to 1,265 in 1970), lead and zinc (8,125 in 1951 to 3,165 last year). Finally, earlier this year the shareholders of Italy's Montedison chemical and mining group were able to breathe a sigh of relief when the company's biggest financial leak, the Montepont-Montevecchio lead and zinc mines in Sardinia, was at least partly plugged. Two-thirds of Montepont-Montevecchio's equity was taken over by the new regional Sardinian mining body EMSA (Ente Minerale Sardo) and by the national Government corporation AMMI. Montepont-Montevecchio was passed to a company called SOGERSA, of which Montedison retained only one third, the remaining two thirds being held by the regional and national mining bodies.

The Ente Minerale Sardo—EMSA—was established in 1969 to run down the Sardinian mining activities which could not be salvaged, to devise plans for those which looked like having some chance of being

rescued and where possible to develop new mining fields. So far as the Montepont-Montevecchio lead and zinc mines are concerned, EMSA has worked out a plan under which it is hoped to give the mines a new lease of life, even though its implementation will be costly. The plan is to pump out large quantities of water and so lower the floor of the mines, which is now at water level. With the removal of the water new strata of minerals will become exploitable. An investment of about £10m. will be required.

Fluorite deposits

In other areas of Sardinia EMSA has found what look like being important deposits of fluorite and of barytes. Subsidiaries for their development have been established called Fluorosarda and Bariosarda. A promising field of development is that of marble, granite and other ornamental stone. Sardinia is rich in all of them and they are spread all over the island. The Gallura area, in the north, has great quantities of granite. EMSA is planning to put quarrying on an industrial basis, whereas until now it has been mainly an artisan activity.

The gradual closing down of the Sulcis lignite pits was probably the most difficult and painful part of the whole post-war puncturing of Sardinia's mineral legend. Even now, it cannot be said to have been

completed. The burden has been shifted on to Italy's national electricity authority ENEL, and several thousand Sulcis miners, although they are still miners, are listed as "employees of the power industry." They are not included in the official figure of 1,265 coalminers. In the 1950s, as the Sulcis lignite was unusable, a plan was devised to build on the spot a giant thermo-electric station to be fired by it. As the power to be produced would exceed Sardinia's requirements, it was to be linked to the Italian mainland by means of a costly underwater cable to feed the power produced into the Italian grid.

Very large sums were invested in the Sulcis mines to enable them to produce the lignite which would be required by the power station. When all these operations had been completed and the power station started up it was found that the lignite was not even good enough to fire the power station, which had to be hastily converted to fuel oil. At this point, power was nationalised in Italy and the "solid gold" power plant transferred to the new electricity authority together with the mines which were supposed to feed it. As employees of the electricity authority, the miners demanded to be paid as power company employees, no longer as miners, and a platinum coating was added to the cost of the "solid gold" power plant.

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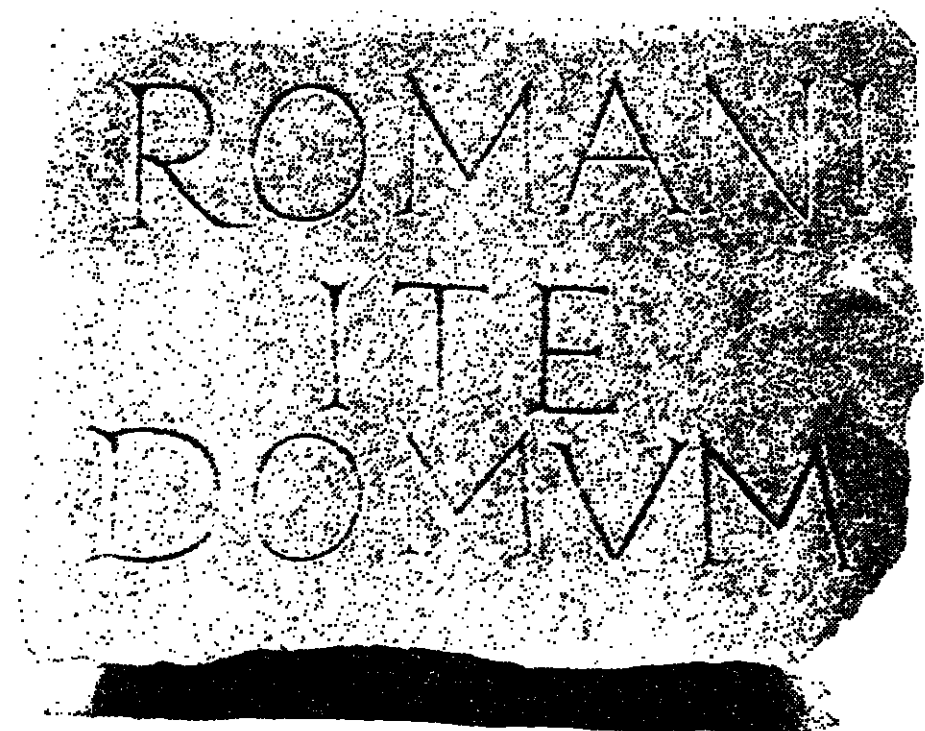
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1 You don't buy a site, you buy a target audience.

From April, 75% of all posters are British Posters and we're talking to 98% of the population (the Daily Mirror talks to 42%). Basically, we've created two types of Poster Campaigns, aimed at Housewives and Men. Then, with the help of an army of checkers and a computer, we've built an identikit picture of each of our 160,000 poster panels. And put them into one or other of our Campaigns.

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Now you can talk to any housewife in Britain at the moment it'll do most good, with the minimum of wastage. All you have to do is buy a complete Housewife Campaign in any one of the TV areas.

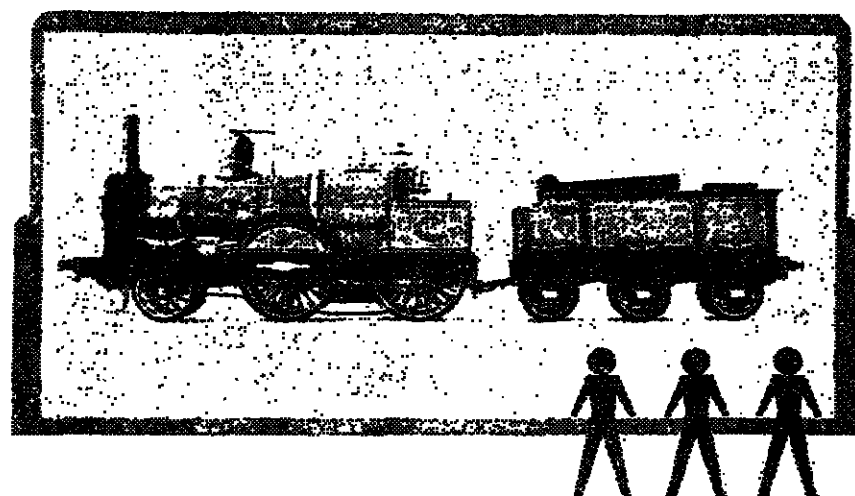


You can talk to her where she shops, on the road into town, in the middle of where she lives. From April 1st, you can buy a Campaign that'll put you bang in the middle of your target audience.

2. The Man Campaign.

Again, you talk to your target audience where it'll do most good. On the main and

ring roads, near petrol stations, in the middle of an industrial estate. From April 1st it's as precise and controlled as that.



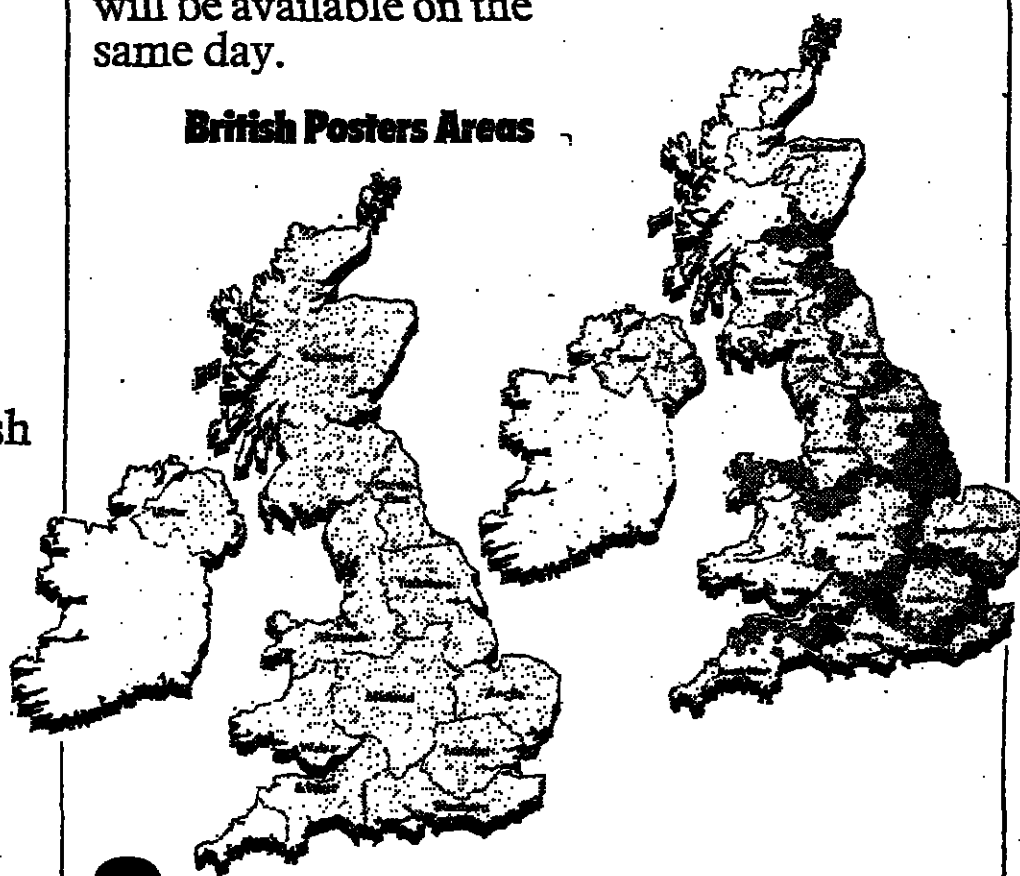
Both the Housewife and Man Campaign you buy complete—standard or heavyweight—on 16 and 4 or 48 sheet poster panels. It's like buying a TV slot. Or press campaign.

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Television Areas

British Posters Areas



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THURSDAY OCTOBER 28 1971

An historic occasion

OVERALL the Great Debate has been rather flat. Far too much of it has been couched not in terms of statesmanship but rather in those of party political arithmetic. At times the contortions inside the Labour Party have made it appear that the future of the party rather than the future of the country is the decisive issue. Yet for all that today's vote is an historic occasion. After to-night things in this country can never be quite the same again, and Britain's role in the world will be different.

That the debate would turn out the way in which it has is virtually inevitable once Mr. Wilson decided to perform his political somersault and to come out in opposition to terms of entry into the EEC which, whatever he might say now, are as good as could possibly have been expected when the Labour Government made its application for membership. This decision placed those members of Mr. Wilson's Cabinet which had endorsed his European policy in a highly invidious position.

Voting clues

The course of the debate has reflected this. The occasional debating lapses apart—Mr. Denis Healey for one misrepresents the views of the Financial Times—most interest has been attached to how members said they would vote rather than to the reasons which they cited for their stand. And after to-night, the voting list will be examined time and again to see what clues it affords to the magnitude of the Government's ask in getting the consequential legislation through the House of Commons.

The outcome to-night is of course not in doubt, the only question being the size of the Government's majority and its composition. A count of heads in both sides has produced a general consensus that a majority of 70 would be about right for the course. Any figure below 50 would probably have to be regarded as a serious setback for Mr. Heath while a majority above 85 would be lightly regarded as something political cohesion which Europe interest will be immediately concentrated on the size of the majority and the number of "rebels" the extent of Conservative opposition to membership does matter.

After the Government has decided—quite rightly—to allow its supporters a free vote, to-day.

Dangerous phase

So much then for the political arithmetic. That it has an importance all of its own is undeniable, though it would be greatly reduced if economic recovery were to proceed according to the Government's plans and thus increase the popularity of Mr. Heath and his policies. It is after all a truism that a given policy is judged not only on its intrinsic merit but also in accordance with the Government's standing in the country. This applies even when the issue to be resolved is nothing less than the future security and prosperity of this country.

That this is indeed what is now at stake has been driven home, if the point needed driving home, by Mr. Nixon's package of August 15. Once the American Administration decided to put the national interest above the world responsibilities of the U.S. it was clear that the world was entering into a new and more dangerous phase. The signs had been there for all to read for some time, yet it was not easy to accept that the safe and settled post-war order was coming to an end. Now no one would deny that we are facing a future which is more uncertain than at any time in the past 25 years.

In these circumstances Europe will have a larger part to play. It will also in future have to make greater efforts to achieve its essential policy objectives—whether they be political, strategic or monetary and economic. British membership of the EEC cannot by itself guarantee the degree of political cohesion which Europe needs in the conditions we now face. What is certain is that the majority and the number of "rebels" the extent of Conservative opposition to membership does matter.

Trying to hold the line

HE TUC is now coming to the point where it must face the consequences of its decision to maintain a hostile attitude towards the Industrial Relations Act. The basis of the Act, and the first part of it to come into operation, is that trade unions must register and satisfy the Registrar that their rules are equitable if they are to continue to enjoy the full rights which a Government believes they legitimately claim. The TUC is chosen to oppose this requirement as a matter of principle and has instructed members unions—who, if already registered, would automatically be transferred to a new provisional register unless they proceeded to apply for de-registration. Only half have so far done so.

Unfavourable

The balance of advantage to unions of carrying out the TUC's policy is, in fact, clearly unfavourable. They obtain freedom from supervision by the Registrar. On the other hand, they probably stand to lose exemption from tax on their income. They certainly lose their traditional protection from legal action for calling "ilkes" which involve a breach of contract: action can be taken against the officers of an unregistered union as well as the union itself, and there is no limit on the amount of damages that may be awarded. Only registered unions can seek to acquire exclusive negotiating rights or to set up an agency shop, and the new rights apply to a union only applies to registered unions while the old rights apply to unions which do not register: therefore, may find themselves up against competition from membership from those which do.

Playing for time

In these circumstances, it is not surprising that 18 unions (several of which can plead special circumstances of one kind or another) have already informed the TUC that they intend to register. Of the rest which have so far taken no action, some have an alleged genuine need to revise their rules before applying for de-registration and a greater number are simply playing for time. It is understandable that no large union wishes to take the odium of being the first to defy the TUC but it is likely that if one takes the initiative others will not be slow to follow. What the General Council now has to decide on is whether strict disciplinary action against those who have already broken ranks is more likely to stop the rot or split the movement. Therefore, may find themselves up against competition from membership from those which do.

EUROPE: A GUIDE TO THE EEC LEGISLATION...

The real battle begins after to-night's big vote

BY DAVID WATT, POLITICAL EDITOR

NOW that the Government is assured of at least a respectable majority to-night at the end of the six-day debate on British entry to the EEC, political attention is shifting rapidly to the question of how this "vote of principle" is to be put into practice.

The latest Harris Poll shows that a majority of the public wishes opponents of Market entry to accept to-night's vote and give up the fight. However, Mr. Heath and his colleagues are under no illusions that in Parliament the real fight is only just beginning. Parliament is sovereign. There is nothing, in theory, it cannot do or determine—from having the Leader of the Opposition summarily boiled in oil to changing the names of "black" and "white." By this token the Government could, if it thought it proper and politically feasible, pass a one-clause Bill simply announcing that all such laws and regulations of the U.K. as are at variance with the Rome Treaty shall be instantly nullified and Ministers empowered to act in whatever way the Treaty commands.

Alternatively, if the Government felt that constitutional propriety and political pressure forced it to do so, it might go through the whole Statute Book amending and repealing all clauses of all Bills which failed to take account of the Rome Treaty—and painstakingly substituting the various regulations of the Community.

Neither of these extreme courses is, in fact, going to be adopted. The first would outrage parliamentary opinion, the second would be incredibly time-consuming as well as giving endless opportunity for delaying tactics by the anti-Market forces. What the Government will try to do is to find a middle position which will give the minimum opportunities for delay, but will satisfy its own supporters and public opinion both here and on the Continent that Parliament has considered in detail some of the most important implications of Market entry.

Just what position within this spectrum the Government will adopt has not finally been decided by the four men most directly concerned—the Prime Minister, the Leader of the House of Commons (Mr. Whitelaw), the Chief Whip (Mr. Pym) and the Solicitor-General (Sir Geoffrey Howe). But it is already possible to see roughly where a sensible solution of the problem must lie if the three main requirements of the situation are to be met.

1—The legal requirement. The instrument of British accession to the Rome Treaty is not in itself a problem. Treaties are a prerogative of the Crown, though they are formally

Aiming for the middle

The most important examples here are: (a) the administration of justice, where arrangements have to be made to allow appeals from the British High Court to the European Court; (b) transport; (c) immigration, where account has to be taken of the Community regulations of the free movement of labour; (d) monopolies and restrictive practices; (e) agriculture; (f) taxation, where provision has to be made for the principle whereby the proceeds of customs duties, agricultural levies and a percentage of the VAT raised in Britain, belongs directly to the Community.

In all these cases what will be required is first, the amendment of certain clauses in existing Statutes where these patently contradict Community practice; second, new blanket authority for Ministers to change minor regulations by statutory instrument (where this authority does not already exist); and third, action in quite a large number of cases in the middle where the Government could play it either by amendment or by blanket authority or by various combinations of both, depending on its assessment of the political sensitivity of the issue and the mood of its own back-benchers.

2—The time requirement. In order that these powers shall come into effect on



Left to right: Mr. Heath, Mr. Whitelaw, Sir Geoffrey Howe and Mr. Wilson.

January 1, 1973, the legislation must really be passed by the end of the coming session of Parliament—that is, in effect, by the middle of next August. On the other hand there is other important legislation to be fitted into the Government's programme at the same time—notably the legislation introducing VAT, the Local Government Bill and the new Criminal Justice Bill.

Fear of the filibuster

Whatever happens the Government cannot avoid the first of these since it is part of the Common Market exercise. Moreover, Government managers would prefer to have the trickiest part of the legislation going through the House of Commons when the economy is beginning to turn up next spring and when public opinion has had more time to get used to the fact of the "vote of principle." With these factors in mind the Government's present intention is to introduce its legislation in February, thereby giving itself about six months to get it through.

The Government's nightmare

TREATY establishing the European Economic Community and associated documents

here is that an unholy alliance of its own anti-Market forces and the official Opposition would oppose, obstruct and filibuster every clause. These tactics, which defeated the Labour Government's attempt to reform the House of Lords in 1969, could be partially, perhaps, circumvented by the tactics of attrition—a series of late nights, a severely curtailed Easter recess, a threat to continue work through the summer holiday.

Unfortunately, the whole of the Opposition (including the pro-Market forces, who will find this a convenient point on which to return to the fold) will be on the side of the fanatics, and the Government will have no alternative but to apply the guillotine. But has it got the votes to pass a guillotine motion? That will be one of the big questions of the session, for it would only need perhaps 20 Tory anti-Market forces to oppose the Government on this procedural point to bring the legislation to a standstill.

3—The procedural requirement. The main work of Parliament in scrutinising and enacting legislation is normally done by a Standing Committee of the House in which Government and Opposition are represented by MPs picked by their

to split a Bill and send some parts upstairs and take some on the floor of the House, there is virtually no way of keeping the Bill on the floor, because if the Government's motion is lost, the whole Bill automatically goes upstairs. But the fact remains that there will be a menacing coalition consisting of a re-united Opposition and a small body of really determined Conservative anti-Market forces fighting any such attempt, and whether the Government decides to take it head-on or defeat it by a procedural trick the battle will be uncertain, messy, and time-consuming.

Surviving these requirements through the eyes of, say, Mr. Whitelaw, one can see certain points standing out. First, the Government must get its majority throughout all this legislation on its own account. It can expect no reliable assistance from the Opposition, though no doubt Mr. Roy Jenkins and his friends will abstain from time to time when to vote against a clause would look too illogical. The threat that the Government might fall, which will hang over all this legislation, will be a powerful weapon with which to frighten anti-Market Conservatives, but at the same time no effort can possibly be spared to mollify the constitutionalists or box in the recalcitrant by procedural means.

One convenient way of doing this—though by no means the only one—would be first, to set the constitutional stage with a very short "enabling Bill" which would set out in broad terms the will of Parliament in acceding to the Rome Treaty.

The legislation proper

The conventional legislation proper might then consist of a Bill of about 100 clauses, in which the two most "constitutional sections"—the administration of justice and the taxation provision—could be taken on the floor of the House and the other four or five sections sent up to a committee. These sections would be liberally sprinkled with clauses giving authority to Ministers to make changes by statutory instrument, but would also contain important clauses amending or repealing existing legislation.

Whether this particular permutation represents the best chance of smoothing out all the difficulties, it will not be possible to tell for several weeks, and certainly not until tonight's voting lists have been studied. Other approaches may have to be found. But the basic requirements remain constant—and whatever happens it is going to be a long, hard fight.

MEN AND MATTERS

What they want at Watneys

If predestination exists in business, then it has applied to Mr. George Duncan. When managing director of Trumans Brewery, he became a stout champion of the Watney bid, and an equally stout opponent of the rival Grand Metropolitan bid for Trumans. The snag was, Watneys lost the epic battle, and Grand Met got Trumans. So last month, with a certain inevitability, Duncan resigned.

Next week, with equal inevitability, he joins the Board of Watneys and becomes chief executive, following a decision to split off that function from chairman, to enable Mr. Michael Webster to worry about policy rather than implementation. So this makes the second time that Duncan, still only 37, has joined a brewery company at or near the top.

With an economics degree from London University, Duncan qualified as an accountant, and did an MBA at the Wharton School of Finance, Pennsylvania. He was with Ford in Canada, with Arthur Young consultants; and then with Hambros Bank. He joined Trumans in 1967 as finance director, moving to m.d. two years later.

When he left Trumans, he remarked that he would like to stay in brewing, but there were not many chief executive jobs to aspire to. Now he has got one, in a company five times the size of Trumans. His Watneys is interested in, is his experience in revamping Trumans, which "we almost got away with," says Duncan.

But has Duncan jumped from frying-pan into fire? Watney's shares have been in demand, partly from American buying, partly from this revived speculation about a possible takeover of Watneys itself. But Duncan joins out that Watneys is in-teresting to get much bigger on its own, and "I am taking a fair risk. I do not enjoy being taken over."

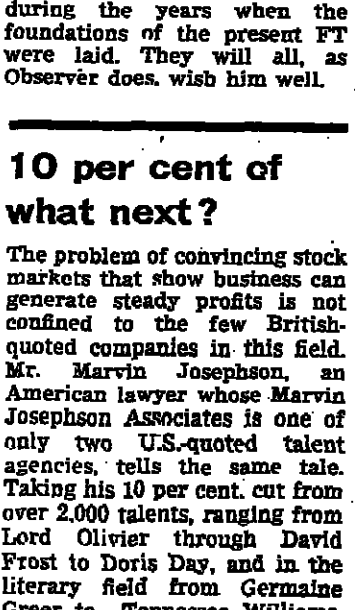
He joined the FT in 1928 as a company news man. He spent the war years as a Squadron Leader in charge of air traffic control at Northolt, and later in Malta, Sicily and Italy. After the war, he became deputy editor, he became general manager, and went on to the Board. He also sat on the Government inquiry which produced the Maud report on local government.

Jim Hunter is an immensely kind man. There are many who owe him a lot for what he did during the years when he was the foundations of the present FT were laid. They will all, as Observer does, wish him well.

10 per cent of what next?

The problem of convincing stock markets that show business can generate steady profits is not confined to the few British-quoted companies in this field. Mr. Marvin Josephson, an American lawyer whose Marvin Josephson Associates is one of only two U.S.-quoted talent agencies, tells the same tale. Taking his 10 per cent cut from over 2,000 talents, ranging from Lord Olivier through David Frost to Doris Day, and in the literary field from Germaine Greer to Tennessee Williams, Josephson went public in February, with over-the-counter stock at \$12 a share. "Since when I have been able to announce nothing but good news," he maintains. This includes taking over the clients of Chartwell Artists—clients like Richard Burton, Elizabeth Taylor, Jane Fonda and Marlon Brando. Now the shares are around \$7.

Josephson believes that the lack of conventional assets, and the uncertain nature of profits, are over-emphasised. "It does



We wish him well

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... THE SIX AND THE MONETARY CRISIS

Severest test of unity yet

BY IAN DAVIDSON, European Editor

THE EXTRAORDINARY thing about this week's debate in the House of Commons, is that it is being conducted virtually without any reference to the current problems of the European Community, in particular those relating to the international monetary crisis.

It can be argued that a "historic" debate should focus on the major options rather than on short-term issues. But the fact is that the Six are now facing a real test of their solidarity, and that the future development of the Community will be very strongly influenced by the way they respond to the stresses of the dollar dilemma.

Lip service

So far, indeed, there has been no solidarity to speak of. All the Six pay lip service to the idea, but in practice they have failed to agree on a common line, and the French and the Germans have been peculiarly stubborn in defending their national interests at the expense of anything that might be regarded as the interest of the Community at large.

The bilateral contacts between Karl Schiller and Valéry Giscard d'Estaing, which took place on Wednesday, may lead to some rapprochement between Paris and Bonn, but President Pompidou's indifferent response to Chancellor Brandt's proposal for an early meeting on the monetary issue is not an encouraging omen. The Franco-German relationship is at its lowest ebb since the days of Ludwig Erhard, and this alone is bound to cast a shadow over the future evolution of the Community.

The immediate bone of contention is over the most appropriate tactic for meeting the American surcharge and the suspension of dollar convertibility. When the German Government floated the Deutschmark in May, it met a wave of protests from its five partners, who demanded the fixing of a new parity at the earliest possible moment, and could not agree to endorse the Schiller plan for a joint

Community float against the dollar.

Since President Nixon closed the gold window on August 15, however, the German example has been followed by most other Common Market countries, with the Dutch guilder and the Belgian franc floating in tandem. The odd man out is France, since it is the only country, not merely in the Community but among the major industrialised nations, to have continued to peg its currency (at least for commercial transactions) at the official dollar parity.

Bonn and Paris both have good reasons for their different policies, but they are partly national, partly doctrinaire reasons. The Germans felt obliged to float the D-Mark in order to stem the inflow of dollars (since they object in principle to exchange controls), and recognised that a higher rate for the Mark would, in the first instance, help to slow down domestic inflation, and since August 15, might pave the way to a monetary settlement with the U.S. The French, on the other hand, have a positive predilection for exchange controls, claim (quite irrationally) that their official exchange rate is "exactly right", and believe that by sticking to the former official parity they are putting additional pressure on the U.S. to agree to an increase in the price of gold.

Irrational

The French argument is irrational because in the brave new world of floating currencies the dollar is only one among many standards of value. By tying the franc to the dollar for commercial transactions, the French government is in fact floating it downward against most other currencies; weighted in terms of trade against the 14 major currencies, the franc was last week 5.8 per cent. lower than at the beginning of this year.

The paradox of the present situation is that the relative exchange rates between the currencies of the Six are more im-

portant to all of them than their individual exchange rates against the dollar. Only 8 per cent. of the total exports of the Six go to the U.S., whereas 49 per cent. move across the internal frontiers of the present Community; in the case of France the share of exports taken by the U.S. is even lower.

disarray are the Werner Plan, for the progressive establishment of monetary union between the Six, and the farm policy system of common prices. The Werner Plan was due to start in June with a narrowing of margins between the Common Market currencies, but had to be postponed because of the

CURRENT ACCOUNTS (\$m.)

	1969	1970	Estimated 1971
Japan	+2,119	+1,970	+3,500
Canada	-847	+1,085	+900
Belgium	+84	+744	+700
France	-2,178	+100	+300
Germany	+1,701	+765	+400
Italy	+1,522	-96	+650
Netherlands	+185	-131	-200
Switzerland	+528	+70	-200
United Kingdom	+1,049	+1,470	+2,000
Totals	+4,163	+5,977	+8,050

(only 5 per cent.), whereas 55 per cent. goes to the other nine members of the enlarged Community.

At one stage during the summer, some inside the French administration thought that the franc would have to be revalued in the wake of the D-Mark, because of the importance of imports from Germany. In the event, the government pressed home the view that the economic argument should take second place to the political and doctrinal imperative of sticking out for an increase in the dollar price of gold.

The Six have been able to agree on the broad principles of a long-term reform of the international monetary system, based on a more important role for Special Drawing Rights, but they have done nothing to settle their internal exchange rates.

The most obvious casualties of the Community's internal

serious. The attempt to weld the six currencies together before any palpable progress has been made in co-ordinating the management of the six economies was at best premature and at worst absurd. The farm policy, on the other hand, is a going concern in which the Six have invested a great deal of time, political effort and money, and the strains imposed by the currency crisis are not likely to evaporate with the negotiation of a new set of parities.

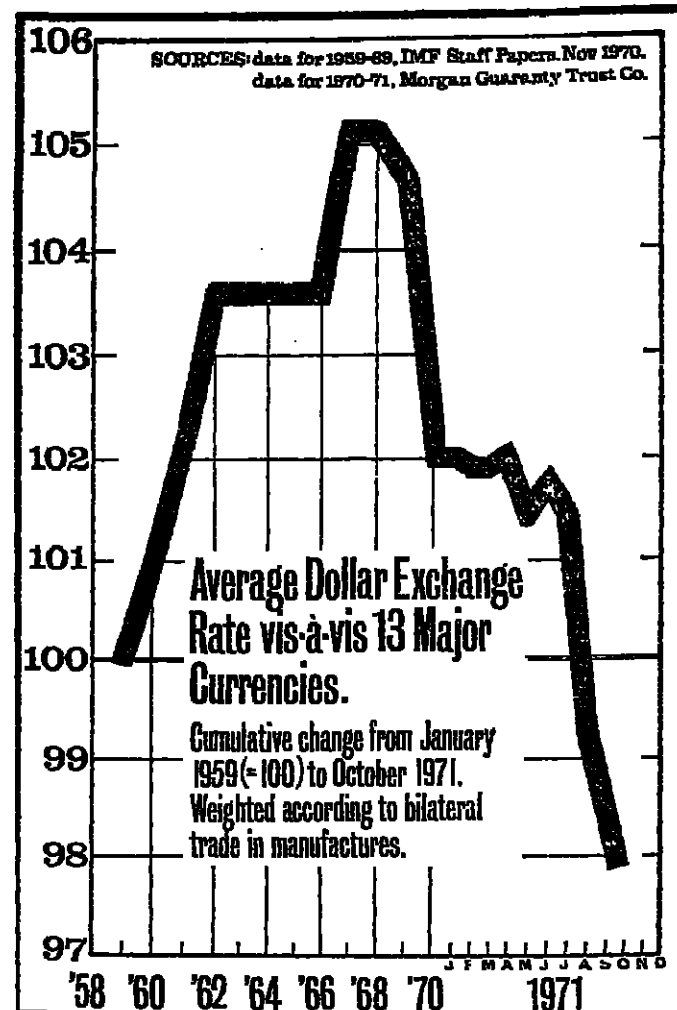
Not disastrous

Common Market farm prices are nominally set in terms of gold, and the normal consequence of a revaluation by the Community country is therefore a corresponding reduction in the prices paid to its domestic farm industry. The Germans have already paid this tribute to the farm policy once, when they revalued in 1969, but the way they are talking now suggests that they do not intend to make a second such concession to a policy they no longer believe in.

In itself, a prolonged retreat from common prices need not be disastrous; it certainly need not lead to the complete collapse of the farm policy, whatever the wishful thinking on this side of the Channel. But it would represent a political setback which could only be absorbed in an atmosphere of harmony and co-operation greater than is apparent today.

At present, the Six are allowing their relations to be overshadowed by the problems thrown up by the Nixon measures, and are in danger of being seriously divided by suggestions from Washington that the U.S. might be prepared to discriminate between the Community countries by removing the surcharge on a selective basis.

On balance, it seems unlikely that the Americans would be able to do a separate deal with Germany, for example, if only because it would require Bonn



notion that the main subject on the agenda would be the monetary crisis; the ramifications of the monetary crisis into such areas as burden-sharing, trade and the shape of government will have to cover a lot of ground if they are to accomplish anything useful.

Among other things, they will need to take a serious look at the whole question of East-West relations, not least because the time will be getting ripe to face up to the Soviet proposal for a European security conference. The Bonn government is an ardent advocate of a Community summit, but German public opinion has been so impressed by the success of Willy Brandt's Ostpolitik that it now favours a neutralist foreign policy in preference to the alliance with the U.S. in political terms, the certificate of international respectability conferred on Germany by its membership of NATO and the European Community has now been capped by Brandt's Nobel Peace Prize. Future German governments may feel free to take a dispassionate view of their links with the West.

Before the international monetary crisis erupted, it was widely believed that the enlargement of the Community would provide the impetus—or at least the long-awaited opportunity—for a *renaissance* of the process of European integration, in which the doctrinal squabbles of the 1960s would be left behind. The record of the past few months has made it clear that such revival is anything but achievable, and that a serious effort of political incination will be required if the Community is to be given a new momentum.

Opportunities

There is certainly no lack of opportunities for such an effort. Next Thursday the six Finance Ministers will make a new attempt to wrestle with the international monetary crisis; a meeting in Paris. The next day the six Foreign Ministers meet in Rome to prepare for the Community summit; an event which the Americans vote out the way Sir Alec Douglas-Home should be in a good position to make a positive contribution when he and his counterpart from the other candidate countries join the meeting on the Saturday. Yet it is not entirely clear that all the Community countries feel they are playing in the same team, let alone aiming for the same goal.

Labour News

Oil tanker drivers' strike made official

BY ROY ROGERS, LABOUR STAFF

THE 11-day-old strike by Charrington Gardner Lockett oil tanker drivers which has halted fuel supplies to many factories, offices and homes in the South-east has been made official.

The drivers' union, the Transport and General Workers' Union, has lent its support to the stoppage, which arose over management attempts to alter shift working arrangements at the company's five depots in London and the Home Counties. All 280 drivers and fitters from depots at Coryton, Essex; Poplar; Wandsworth; Buckland, Surrey; and Bursfield, Hereford, walked out on October 18 claiming the company was trying to impose double-day shift working before procedure was exhausted. Yesterday stewards claimed that all they wanted was the management to abide by the agreed procedure and allow shift working arrangements to be determined locally. Pay was not involved.

Following failure to agree to the management's proposals the

company had ignored the final two stages of procedure, which include provision for arbitration, and attempted to impose the new working patterns, they added.

Although both sides are agreeable to a resumption of work based on a return to the status quo, the issue is complicated by the fact that pilot schemes for the new shift working have been in operation for several weeks at the Wandsworth and Coryton depots.

Hospitals

The stewards are demanding a return to the pre-pilot scheme working arrangements while management is understood to consider status quo as being current working patterns. Although fuel supplies to many factories, offices and homes have been hit by the dispute, three men are reporting for work every morning at each depot to deliver oil to hospitals.

Walk-out by Heathrow groundstaff averted

BY OUR LABOUR STAFF

A WALKOUT by all 1,300 British Airports Authority groundstaff at London's Heathrow airport was averted yesterday, when 200 drivers and fitters decided to return to work.

They had walked out a day earlier over the suspension of a colleague who had refused to work alongside a driver who was supporting a 17 per cent. pay-claim breaking sanctions imposed by all 2,000 BAA industrial workers.

BAA claimed that the man had not been suspended and that he was free to return if he agreed

to perform work given him by supervisors. Following a meeting between shop stewards and national union officials yesterday afternoon, the man decided to return.

The work-to-rule and overtime ban which has been in force since last weekend will be maintained at least until further pay talks next week, when negotiations will seek an improvement on BAA's latest offer of 6 per cent. However, BAA claims that services will not be affected by these sanctions.

Other labour news Page 26

Best August beer output for 26 years

By Kenneth Gooding

BEER PRODUCTION in August was the best for that month in 26 years and the brewers are now well within sight of topping 1970's record by at least 3 per cent.

Statistics produced by the Brewers' Society yesterday showed production in August at 3,078,001 bulk barrels, some 4.21 per cent. ahead of the 2,953,744 barrels for August last year. The figure in which more than 3m. barrels, was produced in August

was 1945 during the post-war boom. For the first eight months of 1971, beer production stood at 22,986,784 barrels, up 3.83 per cent on the 22,150,780 recorded for the same period last year.

Thus the underlying trend in beer consumption is steadily upward—a trend which the brewers maintain owes much to the money they are pouring into public house renovation and conversion.

Official bid to allay computer leak fears

BY TED SCHOETERS

INFORMATION on individuals held in the growing array of big Government computers may be the subject of a code of conduct. The matter is now under consideration in Government departments.

This significant recognition of the existence of a privacy problem concerning computer-stored data on private individuals was made last night to the British Computer Society by Mr. Frederick Corfield, Minister for Aerospace, who has a special responsibility for the computer industry.

He told the Society, which has been pressing for a Government lead, that the privacy of the individual and the safeguarding of information held on data banks, whether by central Government or by private agencies such as credit-rating organisations, was under study.

The Younger Committee, he said, had been studying for over a year whether legislation was required to prevent intrusion by individuals or other legal entities. Government itself was considering whether a protective code of conduct for dealing with

personal records held on its own machines was possible. This would give a lead to others.

Mr. Corfield recognised the Society's concern for the rights of the individual in view of the increasing use of "the faceless computer." He agreed there was genuine anxiety among the general public at this electronic intrusion and that it should be overcome, in part through a process of education.

At the root of this anxiety was the feeling in the public that computer records could be inaccurate, accessible to unauthorised people or used for purposes other than those for which the information was originally disclosed. This last fear applied particularly to the mass of information held on Government computers.

Safeguards against error and unauthorised access could be built into computer systems. But experience had shown how strong was the fear that information given in confidence to one Government body would find its way into other parts of Government. The Minister said. He added that the internal review he had referred to was aimed at overcoming these fears.

Saleroom

Tower's 10,000-gn. pistol

A SMALL ENGLISH snaphaunce pistol probably dating from the early 17th century was sold at Christie's yesterday for a record 10,000 gns to the Tower of London, in a sale of antique arms and armour, modern sporting guns and vintage firearms which totalled £84,930.

The pistols are thought to have been presented to Tsar Boris Godunov by James I in 1604. P. Dale paid 4,300 gns for a 16th century Saxon wheel-lock superimposed load rifle, and a private buyer 1,450 gns for a late 18th century flintlock seven barrel goose rifle by Henry Nock, London.

Christie's sale of old English silver totalled £21,562. A pair of table candlesticks (65 oz) by William Gould, 1749, sold to Bourdon-Smith and a 37-oz two-handled cup and cover by Pierre Hache, 1702, to Rayman, each for £600.

A gold medallion of Constantine the Great went for £2,100 to Coins and Antiquities, and an aureus of Licinius II for £1,200 to Graham at Glendining's coin sale. Schulman gave £440 for a Loeris stater c. 370-340. The total was £39,420.

At Sotheby's Belgravia a sale of Victorian furniture and works of art realised £17,594. Humphries gave £2,400 for The

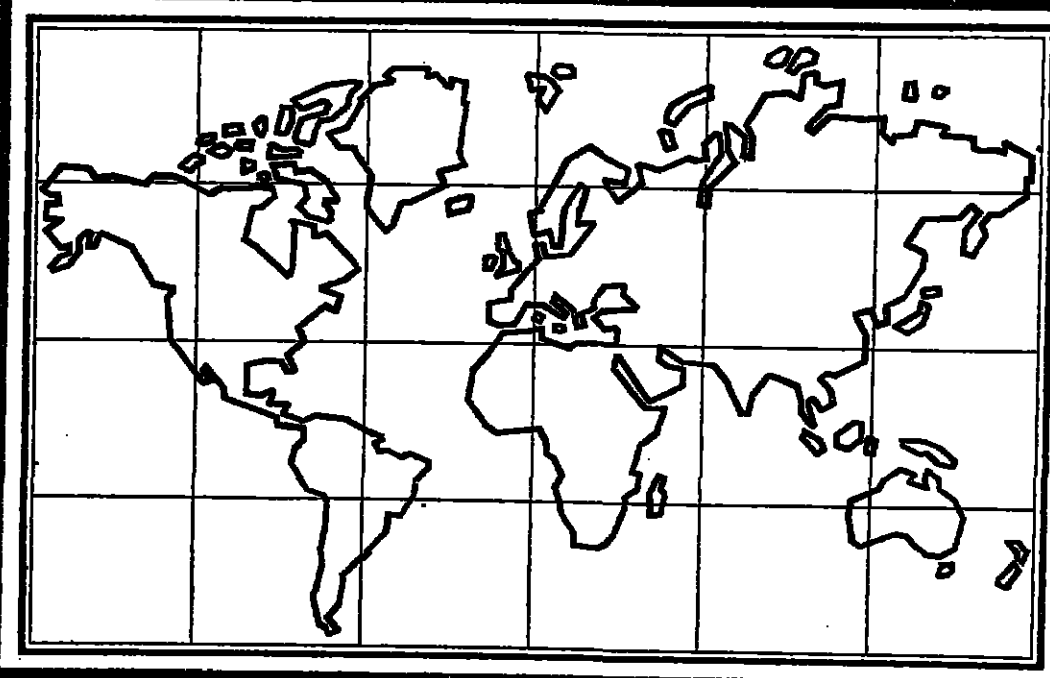
Tinted Venus, a standing marble figure made by John Gibson RA, and Drey £2,300 for a Morris and Co. marquetry broadwood medium concert grand piano, c. 1890. Hawkins Antiques paid £540 for a set of 20 rosewood dining chairs, and Mallet's £500 for a needlework wall hanging by Henry Peck.

At Sotheby's Bond Street a sale of 18th-, 19th- and 20th-century paintings realised £21,715. Cohen gave £3,100 for two paintings by Antonio Fontana, of Big Ben and Parliament Square, and of The National Gallery and St. Martin's in the Fields.

A silver sale at Sotheby's Parke Aernat, Galleries, New York, on Tuesday, totalled \$116,510. A pair of silver-gilt ginger jars and covers, makers mark L. B., London 1875, fetched \$14,000.

An autumn evening by Benjamin Williams Leader went for £780 to Turner on the first day of the sale at the premises of the clients of Knappton Hall, Yorkshire, by Henry Spencer. The total was £7,236.

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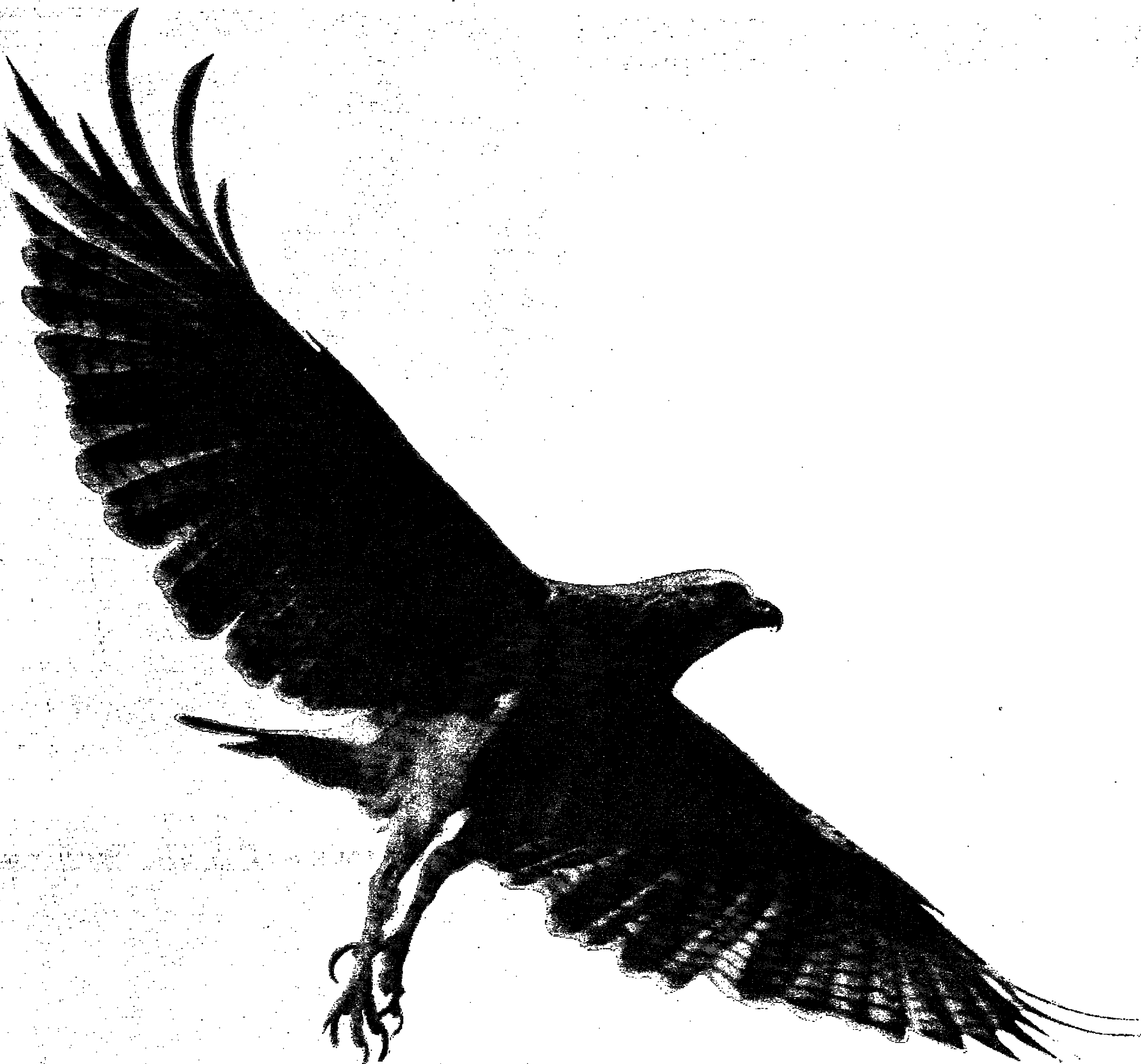
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INTERNATIONAL COMPANY NEWS + EURO MARKETS

BASF will make 'drastic' cut in 1971 dividend

BY JOHN TRAFFORD

BADISCHE Anilin- und Soda-Fabrik (BASF), second largest of the West German chemical companies, is to make a drastic cut in its 1971 dividend from the 22 per cent paid in 1970.

Professor Bernhard Timm, chairman of the company's executive board, gave this warning yesterday at an employees' meeting held at Ludwigshafen, the group's headquarters. He said the step was unavoidable because of the severe economic situation in Germany and the fact that the company's earnings had fallen below expectations. This reflected a deterioration in the West German chemical industry's competitive position and the increased difficulty of exporting since the D-Mark was floated.

In real value terms, group investment would only reach about half the DM1,400m, recorded last year. Professor Timm said. During 1972, investment spending would be cut back still further. "We are at the beginning of a definite recession," he added.

The chairman's remarks dramatically underline the economic malaise affecting every one of the big international chemical groups. Leaving aside the Italian Montedison, which has severe management and rationalisation problems, the companies most severely hit during the current year have been Germany's BASF, Bayer, BASF and Hoechst.

The decision to cut the dividend, which has no precedent in the recent history of BASF, serves to underline the message which most of the company's share-

holders by now know only too well. The company revealed in August that group half-year profits had dropped 25 per cent, despite a 9 per cent rise in sales.

On the home front, in addition to rapid inflation, BASF's costs and the costs of new chemical plants, which have afflicted all big chemical companies, the German industry in Hesse was hit by a three-week strike in June which finally resulted in a settlement of a 7.5 per cent increase for the whole industry.

All eyes will now be turned to Bayer and Hoechst. There can be little doubt that their boards, too, are carefully considering whether their dividends can be maintained.

Dr. Rolf Sammet, the Hoechst chairman, warned shareholders a month ago, when reporting a 38 per cent fall in group profits, that they must expect a cut in the dividend.

Norsk Hydro pays same

BY OUR OWN CORRESPONDENT

OSLO, Oct. 27.

NORSK HYDRO, the Norwegian chemicals, metals and oil concern, has announced that its dividend of 6 per cent for the year ending June 30 last.

Group profit, before taxes, rose to Kr.63.2m, from Kr.53.5m, in 1970. Turnover rose to Kr.1,220m, from Kr.79m, up from a year earlier.

Hydro has a 6.7 per cent stake in the Ekofisk field in the North Sea and a 13.6 per cent stake

which it is considering increasing to 33 per cent—in the Frigg field. The annual report says there is reason to believe that the gas deposits in the Frigg field are commercially exploitable.

Alnor, Aluminium Norway, which is 51 per cent owned by Hydro, produced \$1,000 ton of primary aluminium last year and smelting capacity will be increased by 25 per cent, by the end of this year.

Union will fight French steel lay-offs

BY ADRIAN DICKS

PARIS, Oct. 27.

THE SECOND largest French trade union, the Confédération Française Démocratique du Travail, has served notice on the French steel industry that it will fight back hard against the planned lay-off of between 10,000 and 15,000 men in Lorraine over the next three years by the Wendel-Sidol group.

The union's action against the company was expected to announce details of its reorganisation plans for the region in Lorraine to-day.

In a toughly worded statement, the CFDT said: "Our tactics will be not merely defensive. We shall demand negotiations with the management in order to get some real control over the operations now in course of preparation. If we cannot achieve this, we shall have to resort to traditional means of protest, which will be necessary to affect production in Lorraine."

It has been clear for some time that the Wendel-Sidol group, which has managed to get only limited Government assistance for its plans at Fos, believes that the future for the French steel industry lies with the new coastal complex, rather than with the traditional inland centres of production in Lorraine.

Highveld Steel profit

BY OUR INTERNATIONAL COMPANY NEWS STAFF

M. H. F. Oppenheimer, chairman of Highveld Steel and Vanadium Corporation, of Transvaal, says in his annual report that the year ended June 30, 1971, was the first in which the corporation showed a profit.

He said: "We have entered a period of less-favourable market conditions and this factor, coupled with the continued problem in the iron plant, made the year difficult for me to forecast at the time the financial results which will be achieved for the year ahead."

Oppenheimer reported that a number of technical problems have been overcome, but furnace electrode failures in the iron plant continue. He said he was con-

U.S. FRANCHISING

How the boom went bust

BY ART GARCIA, CALIFORNIA CORRESPONDENT

THE RED-HOT franchise boom of 1968-69 became a nationwide bust in America in 1970 and 1971, suggested by a flattened stock market and economy as well as the industry's own excesses. In the grumpy days, capital was readily available and investors eager to buy up each new franchising prospect. More than 35,000 new franchises were opened, their own businesses each year and 90 per cent of them were successful.

One of the fastest growing of the U.S. franchise companies was International Industries, headquartered in Beverly Hills, California, and which offered the investment world an appealing menu of promise and performance. Starting with a single

pancake restaurant 12 years ago, International Industries began in 1968 to make itself truly international. A new position of vice president for international development was created that year and Al Lapin Jr., the 43-year-old chairman, toured Europe the following year to scout the company's next major expansion target, foreign franchise outlets.

International had more than 1,500 franchised retail outlets in the U.S. at the time, and Lapin was convinced that many of his food service, retail, education and general service operations would fit well into the European market, where he envisioned international-type pancake houses, orange juice stands, ice cream parlours and equipment rental stores.

But the franchise industry began falling apart last year, and so did International Industries. It closed its August 31, 1970, fiscal year with net income of \$8.2m, or 12.4 per cent, up from \$5.9m, or 10.5 per cent, in 1969.

But the end of the fiscal 1971, nine months that ended last May for its fiscal year that ended

August 31, 1971, may top the \$35m forecast back in July, a deficit of \$1.5m, or \$3.44 a share, when extraordinary charges were included. That was in contrast to net profits in 1970 first three quarters of \$8.7m, or 96 cents a share.

Revenues from continuing operations in the 1971 nine months totalled \$52.4m, not counting \$13.6m from discontinued operations. That compared with fiscal 1970 period revenues from continuing operations of \$43.5m, excluding \$18.5m from discontinued operations.

It is now believed that International is busily attempting to sell off its non-food operations, while it holds on to its International House of Pancakes, Orange Julius, Love's, Copper Penny, and House of Pies restaurant chains. There also is some speculation that if it succeeds, the company will be in a much improved cash position and profitable in its current fiscal 1972 first quarter, that ends on November 30. The key to the company's survival is its ability, however, to be a major international debt, so it can cut back its heavy interest payments on the \$81m, it owes, most of it current debt. It is believed the bank group is considering restructuring about \$30-\$40m of the \$81m debt total.

What happens if International is successful in winning the bank's restructuring? Some analysts note with irony that the company then will be back where it started, basically a pancake company, with pies, orange juice and a few other food operations tossed in. But, point out other observers, there is nothing wrong with that, as the food business has been the most successful of International's ventures and sprawling franchise interests.

If the company's massive debt is restructured, the question will be whether it can find buyers for the non-food operations it hopes to shed. A source close to International insists there are no assurances that an agreement will be reached. The Press release said, International "believes the discussions are progressing satisfactorily."

The company also indicated it is discussing its eligibility for continued listing on the New York Stock Exchange with officials there, such as listing being subject to restructuring discussions. In the same news release, International also said the loss it eventually reports for its fiscal year that ended

everything but the kitchen sink."

At the insistence of the New York Stock Exchange, the company sent out a Press announcement admitting it was "continuing discussions with its lender group with a view toward the restructuring of the company's existing debt."

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IN BRIEF

Europe

● CIE PECHINEY first-half profit before tax, after depreciation, fell to Frs.106m, from Frs.131m, in same 1970 period.

● SUEDDEUTSCHE ZUCKER-AG (Suedzucker) will propose a reduced dividend of 16 per cent (18 per cent) for year ended June 30 to annual meeting on December 20. Turnover rose to DM163m, from DM153m, previous year.

● CIE GENERALE DES EAUX first-half net profit rose to Frs.37m, from Frs.35m, in first-half of 1970.

● BOUSSOIS - SOUCHON - SEVESEL (BSN) first-half provisional net profit rose to Frs.13.7m, from Frs.12.5m, in same period last year.

● CIE GENERALE DES ETABLISSEMENTS MICHEL, holding company of French tyre giant, said first-half provisional net profit rose to Frs.114m, from Frs.105m, in same 1970 period.

● CIE DES MACHINES BULL, advanced to almost exactly Frs.1m, in 1970.

North America

● AMERICAN EXPRESS and subsidiaries reports consolidated net earnings for first nine months of 1971 rose 23.3 per cent, to \$72.5m, or \$3.04 per share. Consolidated net earnings for third quarter of 1971 amounted to \$29.7m, or \$1.24 per share, 29.9 per cent increase.

● HUDSON'S BAY OIL AND GAS COMPANY's reports earnings for first nine months of 1971, \$15.832m, up 22.4 per cent, from same period in 1970. Earnings amounted to 81 cents per share, compared with 65 cents for same period last year. Gross operating revenues advanced 17.8 per cent, to \$70.8m, and funds generated from operations were up 19.4 per cent, to \$38.8m.

● AMERICAN PETROFINA net earnings for first nine months (77 cents a share) in third quarter rose \$3.5m, (72 cents) on gross operating revenues increased to \$71m, from \$69m. Nine months net earnings fell sharply to \$1.23 per share from \$1.52.

● GENSTAR, Canadian affiliate of St. Germaine de Belgique, said net earnings advanced to \$3.5m, (40 cents a share) in third quarter from \$1.8m, (22 cents) in 1970. It did not disclose sales figures. Nine months net earnings rose to \$8.3m, (72 cents) from \$2m, (24 cents) on higher sales of \$204m, (1970).

● MARATHON OIL third quarter net earnings rose to \$22.3m, (equal to 75 cents a share) from \$20.9m, (70 cents) on higher revenues of \$294m, against \$247m. Nine months net earnings increased to \$65.4m, (\$2.19) from \$60.3m, (\$2.02) on revenues of \$894m, (\$2.74m).

● INA CORPORATIONS net operating income per share for the first nine months was \$2.88, up 75 per cent, from the \$1.65 reported for same period in 1970. After realised investment gain of 18 cents per share, total net income per share for first three quarters of 1971 came to \$3.05, an increase of 61 per cent, over \$1.90 for same period last year. Total revenues of Ina Corporation came to \$986m, for the nine months, versus \$872.4m, increase of 13 per cent.

Others

● CUSTOM CREDIT CORPN. declared final dividend of 3 per cent, for 15 months, for 15 months to September 30, thus maintaining annual rate at 12 per cent. Company already paid two interim dividends at 6 per cent each, making 12 per cent, for 12 months to June 30, but it announced July 6 it was changing its financial year to September 30. Profit after tax was \$49.3m, compared with \$45.7m, for year to June 30, 1970.

● AMPOL EXPLORATION announced final dividend of 6 per cent, (6 per cent). Net profit before tax for 1971 was \$1.1m, initial production target of 5,000 barrels of oil per month, to be gradually increased to 20,000 barrels monthly. It will be owned and operated by Sony's wholly-owned subsidiary Sony Corporation of U.S.A.

COMPANY NEWS

Lower profits forecast by Butlin's

AGAINST THEIR earlier expectations of another good year, with profits further improved, the directors of Butlin's now say in their interim report that the company's profits for 1971 will be less than the £3,111,000 achieved for 1970.

First-half gross revenue is shown at £4,567,000, against £4,382,000, with a group loss before tax of £29,000, and a group profit of £263,000. As in previous years, the loss reflects the fact that during the period the holiday centres are closed for 20 weeks and only open for six weeks. As a result, the revenue of these six weeks is charged most expenditure incurred during the first six months. In the second half, the centres are open for 14 weeks, including the peak months of July and August.

26 weeks Year 1971 1970 1969 Gross revenue £4,567,000 £4,382,000 £4,197,000 Less before tax £29,000 £29,000 £29,000 Profit £263,000 £263,000 £263,000

Giving the factors on which the lower profit forecast is based, the directors say that bookings revenue for the whole of the year was materially affected by the postal strike, which cut off the peak booking period, and revenue for the year from this source will now fall short of 1970. Also, while the level of customer spending continued to improve, this will be insufficient to offset the rise in general operating costs, and part of the additional income expected from the programme, in respect of which over £100,000 will have been

incurred during 1971. The interim dividend is held at 13 per cent. Last year's total was 32 1/2 per cent.

Upsurge at Tilbury Contracting

With first half profit doubled, the directors of Tilbury Contracting expect the year's figure to "comfortably exceed" their July forecast of £450,000.

This was made with the one-for-four rights issue. The directors expect the year's figure to "comfortably exceed" their July forecast of £450,000.

First-half profit came to £176,000 (1970 £88,000) and dividend £125,000 (1970 £125,000). Tax requires £70,000 (1970 £70,000), to leave the net balance at £106,000 (£47,000).

It is predicted that the accounts, profits on contracts substantially completed. The forward order book is sound.

City and International

City and International Trust is stepping up its dividend from 9 1/2 per cent to 10 per cent, for the year to August 31, 1971 with a

6 per cent final. Net revenue improved to £381,645 against £368,327 after tax of £116,532 (£122,000). Net earnings are shown at £22,645 against £28,237 representing 10.9 per cent (10.38 per cent).

Dividends and interest 1971 1970 1969 Dividend £116,532 £116,532 £116,532 Interest £116,532 £116,532 £116,532

At August 21, 1971 including the full dollar premium where applicable, net asset value of the Ordinary shares was 81p (70p). After conversion of the convertible loan stock value would be 91p (72p).

TRAFFORD PARK

To accelerate growth of the rental sections of Trafford Park Estates, additional land will be acquired in the near future and in this respect negotiations are currently taking place. Total acreage of vacant land held by the group has been reduced following completion of buildings to some 20 acres.

This was the picture presented by chairman, Mr. C. E. W. Laver, at the annual meeting in Manchester yesterday.

COMPANY NEWS IN BRIEF

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA—Consolidated revenue for 1971 to date is £1,100,000, against £1,000,000 in 1970. Dividend of 10 per cent, for 1971, £1,100,000, against £1,000,000 in 1970.

BRIDGED INVESTMENT TRUST—Group net profit before tax for 1971 to date is £1,100,000, against £1,000,000 in 1970. Dividend of 10 per cent, for 1971, £1,100,000, against £1,000,000 in 1970.

CANADIAN AND FOREIGN INVESTMENT TRUST—Interim dividend of 10 per cent, for 1971, £1,100,000, against £1,000,000 in 1970. Dividend of 10 per cent, for 1971, £1,100,000, against £1,000,000 in 1970.

DELTA INVESTMENT—Net loss after tax for 1971 to date is £1,100,000, against £1,000,000 in 1970. Dividend of 10 per cent, for 1971, £1,100,000, against £1,000,000 in 1970.

DUCKWORTH TEA AND RUBBER ESTATES—No dividend for 1971 to date. Dividend of 10 per cent, for 1971, £1,100,000, against £1,000,000 in 1970.

HYDROTHERMALS—No dividend for 1971 to date. Dividend of 10 per cent, for 1971, £1,100,000, against £1,000,000 in 1970.

LYDLETTON HOTELS AND ESTATES—No dividend for 1971 to date. Dividend of 10 per cent, for 1971, £1,100,000, against £1,000,000 in 1970.

MANCHESTER HOTELS AND ESTATES—No dividend for 1971 to date. Dividend of 10 per cent, for 1971, £1,100,000, against £1,000,000 in 1970.

MILNERS HOTELS AND ESTATES—No dividend for 1971 to date. Dividend of 10 per cent, for 1971, £1,100,000, against £1,000,000 in 1970.

MILNERS HOTELS AND ESTATES—No dividend for 1971 to date. Dividend of 10 per cent, for 1971, £1,100,000, against £1,000,000 in 1970.

Electrocomponents profit and interim higher

FIRST-HALF group pre-tax profit of Electrocomponents Associated expanded from £454,000 to £532,000, and the directors are shown at £22,645 against £28,237 representing 10.9 per cent (10.38 per cent).

The interim dividend is effectively raised from 8 1/2 to 11 per cent. The 1970-71 total was equal to 37 1/2 per cent.

In spite of the dull economic climate during the first half of the current year, the company continued to make progress, the directors state.

External sales 1971 1970 1969 External sales £532,000 £532,000 £532,000 Profit before tax £22,645 £22,645 £22,645

At August 21, 1971 including the full dollar premium where applicable, net asset value of the Ordinary shares was 81p (70p). After conversion of the convertible loan stock value would be 91p (72p).

comment

Electrocomponents' 191 per cent, pre-tax profits increase in the first half is in keeping with the group's five years of continuous growth. Earnings have increased on a steady basis since 1966, on a sales rise of 14 per cent.

The group's success formula is a combination of selling its own brands, direct to the customer, and more flexibility than franchised sales. It is a contract manufacturer to cover inflation, and very tight production control. Store product range has been expanded. As the second half historically turns in larger profits it seems reasonable to assume that the current rate of the full year will accelerate so that the full year will be 191 per cent, by about 25 per cent. On profits of £123m, pre-tax, prospective earnings are 7.4p a share giving a

p/e of 18.9 at 141p (down 7p to 13.9 at 141p) which is in line with the sector.

The economy measures instituted early in 1971 to restore profitability following the setback in 1970 have been effective but the full benefit will not be felt until the last quarter of the year and in 1972.

Those costs related to transfer of a production unit from Chichester to Hyde, exceptional losses arising from the supply of faulty materials to a subsidiary on which a claim arises against the supplier, and a provision for non-recovery of a debt owed by Upper Clyde Shipbuilders.

The overseas subsidiaries, all engaged in the protective clothing and safety equipment field, maintained a satisfactory level of profitability with the exception of the subsidiary in the U.S. where conditions continued.

Growth in profit of the associated companies, all overseas, has continued.

An unchanged interim dividend of 8 1/2 per cent is declared. The 1970 total was 12 per cent.

Trading profit 1971 1970 1969 Trading profit £532,000 £532,000 £532,000

Loan stock interest 1971 1970 1969 Loan stock interest £22,645 £22,645 £22,645

Share profits associated 1971 1970 1969 Share profits associated £22,645 £22,645 £22,645

Profit before tax 1971 1970 1969 Profit before tax £22,645 £22,645 £22,64

MINING NEWS

Labour problems down-under

BY KENNETH MARSTON

DESPITE the busted share market boom, Australia has a great mineral potential. But the country's mining industry has its problems. At yesterday's meeting of the Consolidated Gold Fields Australia, the chairman, Mr. J. B. Massey-Greene, pointed out that the industry's production was sold almost exclusively on the world markets and at world prices.

Consequently, excessive cost increases within Australia were having a significant effect on the profitability of mining companies. He added that during his group's first year to June 30, almost every member of it had experienced industrial trouble and demands for higher wages had been the most prevalent cause of interruptions to production. Even so, the group had made much worthwhile progress.

Although Australia is not unique in this respect, it is particularly clear that the country's Achilles Heel is its labour relations and there are faults on both sides of the fence. Against this background comes news that after a stoppage of nine weeks at the 700 per cent-owned Cobarr copper mine of Broken Hill South, the 200 strikers have resumed work after a mass meeting of the Australian Workers' Union.

The men had been in dispute over a claim that the management had tried to introduce one-man working of a two-man operated machine. But they have returned following a recommendation from their union branch executive pending further discussions which Mr. Justice Sheehy of the State Industrial Commission will hear in Sydney on Friday.

As already reported, earnings of the base metal-producing Broken Hill South suffered a 64 per cent fall to \$2.66m (£1.24m) in the year to June 30 on a combination of lower metal prices, notably copper and the effects on working costs of wage increases being granted throughout all sections of the Australian work force.

Both factors are again present as far as the current year is concerned but as an offset the annual report points out that production is due to start this month at the company's 31 per cent-owned Nannamoo open-pit copper mine in South Australia. Much further ahead will be the benefits of the eventual exploitation of the estimated 2,000m. ton of phosphate rock in Queensland. Meanwhile, Broken Hill South shares have sagged with the rest of the market to 96p from the year's high of 173p.

RTZ RHODESIAN EARNINGS

From Salisbury, Rhodesia, our correspondent reports that both the Tinto (Rhodesia) and the Empress Nickel Mining have announced unchanged interim dividends of 3 cents and 12 cents, respectively in respect of the current financial year to December 31.

BIDS AND DEALS

S. W. stake in R. & J. Pullman

Slater Walker has acquired a sizeable stake in R. & J. Pullman, the major acquisition which is at present under negotiation and which was referred to at the annual meeting last month.

JESSEL 10.70% INTEREST IN ALFRED HERBERT

Jessey Securities has built up a 10.7 per cent stake in Alfred Herbert, the machine tools group. This was disclosed yesterday when Herbert announced that Jessey had a holding of 2.11m shares.

According to Jessey's chairman, Mr. Oliver Jessel, the holding was built up over a period of months at a cost of some £1m, suggesting a price per share of around 47p. At this level, Jessey is showing a small paper profit since Herbert's shares rose 31p yesterday to 50p.

Mr. Jessel said the purchases started before Birmingham Small Arms recently disposed of its substantial holding in Herbert for around £3m. He added that there was no intention for the time being of making an outright bid for the rest of the Herbert shares and he had no immediate plans for seeking representation on the Herbert Board.

The holding will remain as an investment for Jessey as the company has no buyer lined up for the shares.

JACKSON & STEEPLE ACQUISITION

Jackson and Steeple, Blackburn-based textile manufacturers, is acquiring all the Preference shares of John Hawkins and Sons (Holdings) from Grandston, a private company which announced last week that it had purchased 73.3 per cent of the Ordinary and 74.5 per cent of the Redeemable Cumulative Preference shares in Hawkins.

Grandston paid 30p for each Hawkins Preference share and has agreed to sell these at cost to J. and S. Grandston is controlled by Joseph, Maurice and Albert Messing, who also have a controlling interest in J. and S.

Hawkins controls William Birtwistle Allied Mills, textile manufacturers, and through its subsidiary John Hawkins and Sons, a chain of multiple retail drapery stores throughout the U.K.

Offers are to be made by Grandston to the balance of the Ordinary and Preference shares in Hawkins.

CADBURY SCHWEPES

Cadbury Schweppes announces that as part of its policy of concentrating on manufacturing activities, they have formed a company to be known as Cadbury Schweppes Vending Ingredients and have disposed of their vending interests to the Richards Organisation which includes the Auto-Bar Group of companies.

BRITISH CHROME TANNING

The chairman of British Chrome Tanning states that since Mr. J. A. Williamson was appointed managing director last year the Board's policy has been to diversify the company's production so as not rely wholly on

COMPANY NEWS

BSA provisions and losses total £8.53m.

A GROUP trading loss of £2,778,366 is reported by The Birmingham Small Arms Company for the year to July 31, 1971. With exceptional items of £1,593,351 the total deficit is £4,371,717.

There is, in addition, a provision of £4,230,000 to cover items of an exceptional nature arising from reorganisation of the motor cycle division. This consists of estimated future costs of factory and product rationalisation including the consequent losses from the disposal of stock and plant no longer required, and also the cost of redundancy.

The amount is not capable of precise assessment but represents the best estimate, prepared on a conservative basis and in consultation with professional advisers, in the light of information as now known, the directors state.

As advised last July, no dividend will be paid to Ordinary holders for the year.

Unless there is an upturn in the economy, there must be a possibility of further, although reduced, losses by the metal trading subsidiaries, but there are indications that profitability of the stockholding companies will continue to increase, Mr. Saville explains.

As reported on August 27, pre-tax profit in the year to April 30, 1971, fell from £587,577 to £137,704 and the dividend total is cut from the equivalent of 40 per cent to 15 per cent.

Mr. Saville points out that the subsidiary, John R. Fairclough (Metals) which had made a reasonable profit at the half-year stage and was projecting a profit for the year of over £200,000, finally produced figures to show a loss of the same amount, causing a reversal of over £400,000 in profitability of the group.

Sales rose to £18,271,831, from £17,788,414, and comprised: home 10p shares and Mr. J. R. Fairclough, 135,250 shares. Meeting, Birmingham, October 28, at noon.

At the beginning of 1970-71, the chairman held 61.64 per cent of the shares and Mr. J. R. Fairclough, 135,250 shares. Meeting, Birmingham, October 28, at noon.

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J. Saville Gordon to improve

BIRMINGHAM-based metal and engineers' merchants J. Saville Gordon should show "a marked improvement" in the current 12 months as losses sustained by certain subsidiaries in the past year should either be eliminated or reduced, chairman Mr. J. D. Saville says in his annual report.

Unless there is an upturn in the economy, there must be a possibility of further, although reduced, losses by the metal trading subsidiaries, but there are indications that profitability of the stockholding companies will continue to increase, Mr. Saville explains.

As reported on August 27, pre-tax profit in the year to April 30, 1971, fell from £587,577 to £137,704 and the dividend total is cut from the equivalent of 40 per cent to 15 per cent.

Mr. Saville points out that the subsidiary, John R. Fairclough (Metals) which had made a reasonable profit at the half-year stage and was projecting a profit for the year of over £200,000, finally produced figures to show a loss of the same amount, causing a reversal of over £400,000 in profitability of the group.

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the changing fashions of the shoe industry.

Since the acquisition of Gellich Leathers earlier this year this has become feasible. The current year to March 31, 1972, has been profitable and there is a well-filled order book at satisfactory prices.

No preference dividend for the year has been paid—it is in arrears from April 1, 1968.

Thomas French optimistic

CONSIDERING all the circumstances, the chairman Thomas French and Sons, Mr. W. Wood, predicts with cautious optimism that in the absence of any unforeseen reverse, results for the year to March 31, 1972, will be a marked improvement on 1970-71.

Since July, business has continued very satisfactorily, he reports, with turnover running at more than 20 per cent over the corresponding period of last year.

The group is deriving the benefit of a forward-looking and innovative product range and from the elimination of lines which have thereby become obsolete or not economically viable. Further products are expected to be introduced in the near future which the Board believes will have good prospects both in the U.K. and overseas.

Also the chairman does not anticipate having to write off any substantial amount in respect of the kind of special losses incurred during 1970-71.

Finally the group expects to reap some appreciable benefit as the result of the re-arrangement of productive capacity coupled with the addition of new machinery.

As reported on October 19, group pre-tax profit for the year ended July 3, 1971, expanded from £132,351 to £248,164 and the total dividend is raised from 23½ per cent to 30 per cent.

A breakdown of turnover and pre-tax profit shows certain suspension products £3,280,376 and £219,047; armaments and engineering £22,482 and £3,083, and electrical heating tapes £177,398 and £26,082.

Meeting, Manchester, November 18, at 12.30 p.m.

British Debt Services

Demand for the services of British Debt Services is continuing at a high level, and chairman, Mr. J. Bentham, looks forward to continued growth.

The current programme includes considerable extension of the company's services and the introduction of new ones.

As known, group pre-tax profit for the 41 weeks to June 30, 1971, was £240,794, against a prospectus forecast of £250,000. The dividend is 44 per cent.

Chairman's statement Page 27

APPOINTMENTS

Mr. Kay is Triplex Safety Glass managing director

Mr. S. E. Kay has been appointed managing director of TRIPLEX SAFETY GLASS COMPANY and will be based at King's Norton, Birmingham.

He succeeds Mr. Geoffrey Hey who, as reported yesterday, is to become managing director of Pilkington AGI which Pilkington Brothers and Australian Consolidated Industries are forming jointly in Australia.

Mr. Kay was with Pilkington Brothers for 15 years in various executive positions before joining Triplex in 1965 as technical director. He is also a divisional director of the Pilkington Group of companies.

Mr. D. M. Taylor is to join the GUTHRIE CORPORATION on November 1 as group financial controller.

Mr. Desmond Longe, president of the Norwich Union Insurance Society has become a director of ANGLIA TELEVISION.

Mr. Stanley L. Speight, deputy chairman of the NEEPSERD STEEL AND TOOL CORPORATION, has been appointed to the additional post of managing director. Mr. C. Gilbert Green has relinquished the managing directorship but will continue as chairman until his retirement at the end of March next year.

Mr. J. Young, at present the actuary of the SCOTTISH WIDOWS' FUND AND LIFE ASSURANCE SOCIETY, is to become assistant general manager on January 1 and Mr. E. S. Robertson will be made joint actuary.

Following the closure of Slater Walker's offer for the remaining shares in ARGYLE SECURITIES, Mr. J. F. O'Donnell and Mr. C. T. Gray of Slater Walker have been appointed to the Argyle Board. Mr. O'Donnell becomes chairman.

Mr. J. A. R. Falconer, Mr. M. Oppenheim, Mr. R. A. Gray and Mr. A. Gosart have resigned from the Board of Argyle Securities in accordance with the terms of the offer.

Mr. F. W. Watson has been appointed as director of DUST CONTROL EQUIPMENT.

Mr. John Selater of Williams and Glyn's Bank has been appointed chairman of RAILWAY FINANCE, the company recently formed to lease £15m. of equipment to British Rail.

The remainder of the Board is comprised of: Mr. Peter McGrath and Mr. Guy Weston representing British Rail; Mr. Peter Clare representing Barclays Bank; Mr. David Alexander representing the Distillers group; Sir Archibald Hope representing the General Electric group; and Mr. Sydney Robin representing the Great Universal Stores group.

Mr. S. W. Chawner has been appointed chairman of SPENCER GEARS (HOLDINGS) in succession to the late Mr. Leslie Schofield. Mr. C. H. Spencer, Mr. J. W. L. Schofield and Mr. F. W. Forbes have been made joint managing directors.

Mr. S. L. Spencer, a former chairman of the company, has joined the Board and Mr. J. H.



Mr. S. E. Kay

SHAW AND COMPANY. He is managing director of its subsidiary, Joseph Robinson and Company.

Mr. A. M. C. Stanforth has been appointed a non-executive director of the EFFINGHAM STEEL WORKS.

Mr. K. A. C. Wheeler, actuary and manager of the SEVENTH INSURANCE COMPANY, retired on December 31. From January 1, Mr. A. T. Bolton becomes general manager and Mr. P. L. Burt actuary.

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Robinson, managing director of Southern Industries (Crags and Southern Industries) (Craggs) has been elected a director.

Mr. W. J. Hayford, joint controller, has been appointed director of ROBOPHONE (HONG KONG).

Mr. Alan Richardson has been appointed assistant managing director of WILLIAMS (WLP Printing Group).

Mr. James W. Sullivan has been appointed to

New travel chiefs at British & Commonwealth

FOLLOWING the recently announced acquisition by British Transport (Holdings) of the shares of the company, the new holding company to be known as British & Commonwealth Holidays, will have a central administrative control based in London and will manage the tour and travel companies in the British and Commonwealth group. The new holding company will have a share capital of all four operating companies in the group.

They are Castle Holidays, Roy Tours, Lyons Tours, Silver Holidays and Whitehall Holidays.

The chairman of this new company, which will be a wholly-owned subsidiary of British & Commonwealth Shipping, will be Mr. Anthony Cayzer, and the managing director Mr. A. F. Nickalls.

Future operations of the Castle Holidays Group under Mr. Nickalls will have a central administrative control based in London and will manage the tour and travel companies in the British and Commonwealth group. The new holding company will have a share capital of all four operating companies in the group.

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The chairman of this new company, which will be a wholly-owned subsidiary of British & Commonwealth Shipping, will be Mr. Anthony Cayzer, and the managing director Mr. A. F. Nickalls.

and managing director of Air Holdings, who is a member of the Board of Leroy's and chairman of Lyons and Whitehall Holidays, will relinquish these appointments but has accepted an invitation to join the Board of British Air Transport (Holdings).

Lyons Tours, under the managing directorship of Mr. J. B. Preston was built up over the years into a major tour operator, and became a member of the Air Holdings group in 1966.

As part of the group reorganisation, Mr. Preston will terminate his appointment as managing director at the end of October, and will be handing over to Mr. Caulfield.

Mr. L. A. Leroy, the present chairman of Leroy Tours, has agreed to relinquish his appointment as chairman and become president, at the same time remaining a member of the Board.

BCA Travel which has a chain of retail travel agencies throughout the country, has its present headquarters at Manchester. The activities of Fairways Travel and Olley Travel Services (formerly with the Air Holdings Group), are to be incorporated with those of BCA Travel.

These travel companies will be owned by a company to be known as British & Commonwealth Holidays, a wholly-owned subsidiary of British & Commonwealth Shipping, under the chairmanship of Mr. B. G. Cayzer.

Mr. Caulfield will relinquish his appointment as managing director of BCA Travel.

The Managing Director of the retail holding company will be Mr. A. B. Niven.

£10m. fleet, hire orders for Leyland at Show

GET and car hire orders of year, we have increased our sales to more than £10m. for 11,000 new to the fleet market by over 20 per cent.

The Morris Marina, launched in April, has been a sensational success, particularly in the fleet sector, with almost 10,000 in customers' hands. We are building more than 1,000 Marinas monthly solely for them.

RECORD GLASGOW SHOW LIKELY

More than £500,000-worth of cars and commercial vehicles will be on display at the 48th Scottish Motor Show, to be opened at the Glasgow Kelvin Hall on November 12 by the Duke of Kent. The show is expected to break sales records.

No firm agreement yet on N. Atlantic fares

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SENIOR executives of the North Atlantic airlines, at their meeting in London, are understood to be making slow progress towards a new agreement on fares for the route.

Reports from sources close to the meeting indicate that, while some kind of an agreement is still hoped for, it is proving difficult to achieve. The airlines involved still tend to stick to their own points of view. So far, what appears to have been achieved is agreement on a new framework of what a new North Atlantic fares "package" might contain. This, however, merely means that the airlines have agreed to discuss the problem areas and to try to reach a precise new fares "package". This is no barrier to an eventual agreement and does not mean that the conference is about to break up.

Aid needed to modernise clothes industry

A GOVERNMENT could play a vital role in fostering co-operation between U.K. clothing manufacturers and British clothing machinery makers to develop new technology, says a report published today by the Clothing Industry.

The report, which is the first of a series, says that the clothing industry is facing a serious crisis. It is not yet able to pin down the precise nature of the crisis, but it is clear that the industry is in a state of decline.

The report examines the garment industry, the garment machinery industry and non-traditional methods of making garments such as using non-woven fabrics and developing disposable clothing. The situation on the Continent, in the U.S. and in Japan is covered as well as the U.K. scene.

The main problems highlighted are the generally low managerial and technical standards among garment makers, and the modest size of the machinery-making industry which has impeded the development of really fundamental improvements in garment-making technology.

European machinery makers normally only supply their local markets, which means the U.K. garment maker lags at least two years behind his Continental competitor if he relies, as now, on the Continent for advanced machines.

The Clothing Little Noddy has already set up a maker/user committee of the clothing and machinery makers to examine the recommendations of the report and to develop ways of implementing them. The report says any assistance provided by the Government should be no more than "a temporary diversion of existing resources."

Technology and the Garment Industry, NEDO, SO £1.50.

To-day's events

PARLIAMENTARY BUSINESS: House of Commons: Final day of debate on the U.K. and the European Communities. House of Lords: Final day of debate on the U.K. and the European Communities. Parliament will then be prorogued. The Session is expected to open on November 2.

INDUSTRIAL RELATIONS: Second day of Financial Times conference under the chairmanship of Professor R. C. Roberts, of the London School of Economics. The speakers are Mr. Victor Gollancz, general secretary of the Trades Union Congress; Sir Geoffrey Howe, Q.C., the Solicitor General; Mr. Len Neal, board member for industrial relations and personnel, British Railways Board; Professor Cyril Grunfeld, of the London School of Economics; and Mr. Brian Mathers, regional secretary of the Transport and General Workers Union.

COMPANY MEETINGS: ASSAM CONSOLIDATED TEA ESTATES, 12, London Wall, E.C. 2. (Chairman, Mr. J. L. Catto.) ATLANTIC ASSETS TRUST, Edinburgh, 23, (Chairman, Sir Alastair Blair.) AUSTIN (F.) (Ladies), Argall Avenue, E. 12. (Chairman, Mr. F. Austin.) BEVAN (O. & J.), Birmingham, 3. (Chairman, Mr. D. F. Bevan.) BRITISH CANADIAN TRUST, Dundee, 12. (Chairman, Mr. I. J. Low.) BURDEN INVESTMENTS, Edinburgh, 11. (Chairman, Mr. D. F. C. Caldwell.) CCI, PRESTON, Garton Hall, S.W. 4.30. (Chairman, Mr. R. D. Robinson.) CAMPARI, Aberdeen Rooms, E.C. 12. (Chairman, Mr. K. G. Bencher.) CLARKE (GEORGE) (MOTORS), Winchester House, E.C. 12. (Chairman, Mr. D. B. Nichol.) DE VERE HOTELS AND RESTAURANTS, Cornhill Rooms, W.C. 2. (Chairman, Mr. J. Muller.) FELDSTOWE DOCK AND RAILWAY, Felstow, 12. (Chairman, Mr. H. C. Pater.) KINTA KELLAS RUBBER ESTATES, 5, Queen Street, E.C. 2. (Chairman, Mr. J. R. Timms.) MFI WAREHOUSES, Winchester House, E.C. 12. (Chairman, Mr. A. C. Southam.) MAHAWALE, 5, Queen Street, E.C. 2. (Chairman, Mr. A. Rowland.) MYSON, Great Street, E.C. 11. (Chairman, Mr. R. E. Myson.) SABA, Becontree, 11. (Chairman, Mr. J. R. Timms.) SAVILLE GORDON (J.), Birmingham, 12. (Chairman, Mr. J. D. Saville.) SECOND BRIDGEMAN TRUST, Piccadilly Hotel, W. 12. (Chairman, Mr. R. E. Myson.) SOUTH WARRIOR TEA ESTATES, 12, Leadenhall Street, E.C. 3. (Chairman, Mr. L. G. Bryant.) SOUTHERN KINTA CONSOLIDATED, 5, Moorstate, E.C. 12. (Chairman, Sir David Wilson.) SOUTHERN STEVENS, Manchester, 12. (Chairman, Mr. S. Oxford.) TON INVESTMENT TRUST, Swansea, 11.30. (Chairman, Mr. R. G. Maltwood.) WESTERN CREDIT, 35, Bishopsgate, E.C. 2. (Chairman, Mr. E. R. Spurling.)

IMPORTANT NOTICE

The telephone number in the **SEALINK** double page advertisement which appeared in yesterday's Financial Times was incorrect. The number to ring at Victoria should be **01-834 2345**

£93m. fire damage in first 9 months

FINANCIAL TIMES REPORTER

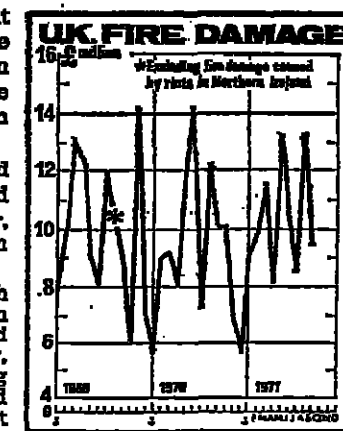
FIRE DAMAGE in the U.K. at £93m. was 55m. higher in the first nine months of 1971 than in the same period last year, the British Insurance Association announced yesterday.

The increase was recorded despite a fall-back in estimated damage to £85m. in September, compared with £133m. in August.

In September fires, each estimated to have cost between £250,000 and £400,000, occurred at a south coast textile factory, a Northern Ireland clothing factory, and at a warehouse and an agricultural merchants in East Anglia.

Of another 11 outbreaks causing damage of more than £100,000 each, only one was at premises protected by automatic sprinklers, the BIA reported.

Out of 81 fires costing more than £10,000 each, 20 were at



places used by the public, such as hotels, shops and schools. These figures represent material damage only and do not take into account disruption of business and loss of production or exports.

Simpler code call by port users

BY RAY DAFTER

MHR. IAN CHURCHER, general manager of North Sea Ferries, yesterday called for greater co-operation in the transport industry to cut costs. He also asked for simpler documentation at key points.

Speaking on European transport economics at the Independent Trade Missions' conference in Berlin, Mr. Churcher said that venders of services, higher in ports—where many of the problems occurred—representative bodies should be formed to

meet and openly say what they wanted, listen to the problems and prod a result into effect. Though port liaison committees existed in some countries they were, he said, usually "too local" and ineffectual. Small, active committees at key points would lead to a better understanding between users and providers of services, higher professional standards, simpler documentation and well-defined cost-cutting measures.

£1m. appeal launched for YMCA

Financial Times Reporter

AN APPEAL to raise £1m. for YMCA accommodation in London was launched last night at the Mansion House, London.

On behalf of the Greater London Council, the chairman, Sir Desmond Plummer made a donation of £10,000. The Duchess of Kent and the Lord Mayor of London, Sir Peter Studd, attended to offer their support.

Chairman of the appeal, the London Development Fund, is Lord Remnant. Some £650,000 of the money is intended for the proposed £5.5m. YMCA hotel in Great Russell Street.

A consortium of City institutions is loaning £3m. on commercial terms for the project in addition to a £1m. loan from BOAC and more than £500,000 from Camden Borough Council. The English Tourist Board is providing a grant of £500,000.

Car park

To help finance the 1,200 bedroom hotel, some 20,000 square feet of office accommodation will be included within the development. A ground floor restaurant will be let to a caterer and parking for 200 cars is to be taken by National Car Parks.

The hotel, which should be completed by March, 1973, is part of a project to almost double accommodation offered in London by the YMCA.

The £330,000 balance of the appeal will, it is hoped, contribute to YMCA buildings at Waltham Forest, Wimbledon, and Woolwich, and a headquarters for the National Council of YMCAs.

Alliance may break £100m. loan target

ADVANCES to home buyers by the Alliance Building Society are much higher this year than last, Mr. Roy A. Cox, chief general manager, said yesterday at the opening of a new branch in Southend.

"I expect that advances will break through the £100m. barrier for the first time compared with £70m. during 1970. Interest rates to new borrowers have already been cut by 1 per cent. to 8 per cent. and the rate for existing borrowers will be similarly cut on January 1," he added.

The new branch, at 4, Southchurch Road, Southend-on-Sea, was officially opened by Lord Leatherland, in the presence of Lord Henderson, and other directors of the Society.

The Hastings and Thanet Building Society has advanced nearly £1m. a week this year for home loans—a record for the society—the chairman, Mr. G. A. Raymond, revealed yesterday.

He told a group of professional people in Gillingham, Kent: "Our total assets by the end of 1971 will be more than £180m., but this will be increased to £210m. when we take in the assets of the Hastings and East Sussex Building Society at the end of this year, following completion of the recently approved merger."

The 100-year-old Sussex Mutual Building Society yesterday announced further moves in its major expansion programme with the opening of six additional agency offices. They are situated in Leicester, Luton, Cheltenham, Crawborough, Addlestone and London.

Until the board's recently announced programme of spreading the Society's coverage throughout the South and South

£3m. order for new British satellite

By Michael Donne

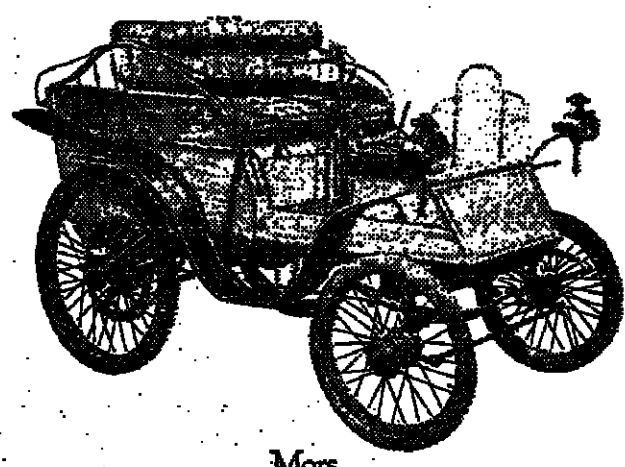
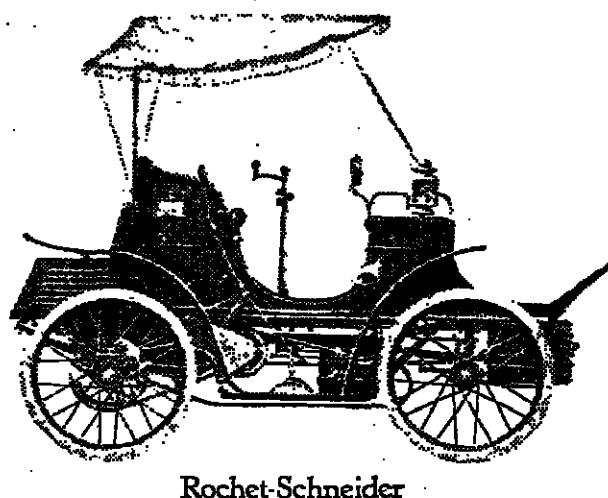
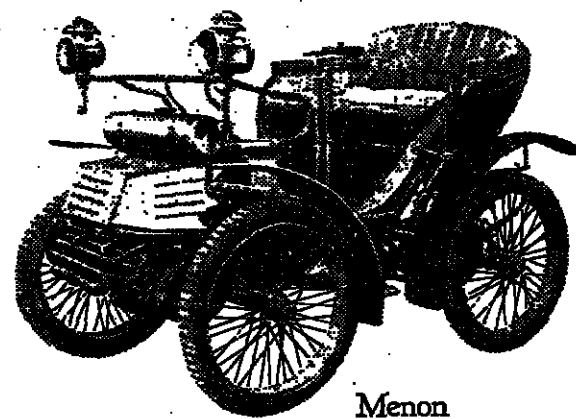
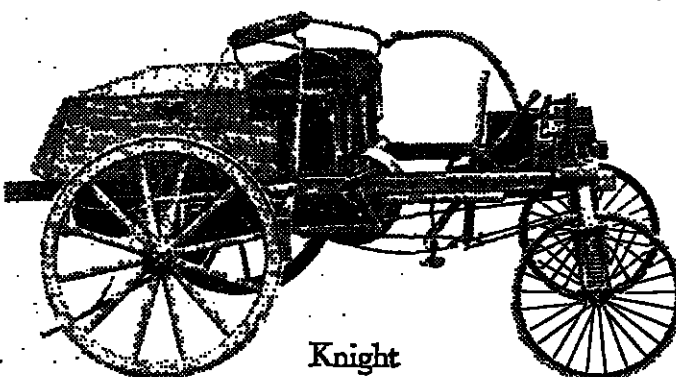
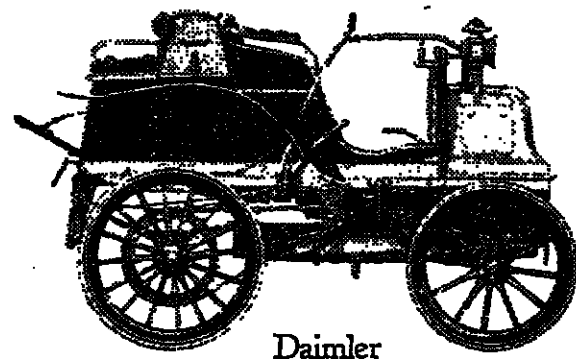
AN ORDER worth more than £3m. for a new British satellite has been placed with Hawker Siddeley Dynamics' Space Division at Stevenage by the Ministry of Defence's Procurement Executive, on behalf of the Department of Trade and Industry.

Designated X-4, this technology-prime satellite will be the biggest and most complex civil satellite to be developed in the U.K. so far. It is intended that it shall be launched by a U.S. Scout rocket in early 1974, to prove systems and techniques for future applications satellites.

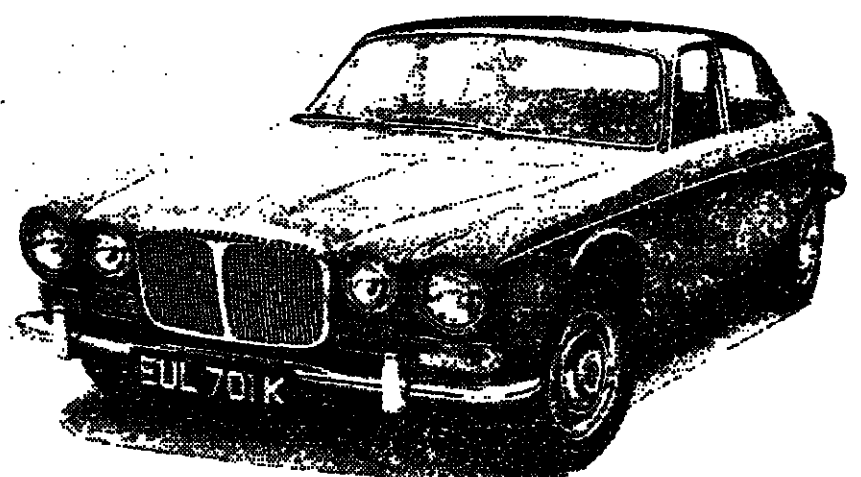
Announcement of the contract came on the eve of the launching, expected to-day, of Britain's first technology satellite X-5, and called Prospero at the Woomera (Australia) range.

Under the new contract Hawker Siddeley Dynamics is appointed prime contractor for the spacecraft, with the sub-contractors including Marconi Space and Defence Systems, Ferranti and Solarton.

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PARK CAKE BAKERIES

R. H. D. LEETE REPORTS A MOST SUCCESSFUL YEAR

The 24th annual general meeting of Park Cake Bakeries Ltd. was held on October 27 at the Registered Office, 10, Oldham, Mr. H. D. Leete, F.C.A. (Chairman and Managing Director), presiding. The following is an extract from his circulated statement:

"These difficult times it is pleasant to report a most successful year's trading. The Net Profit of £202,513 before tax for the year ended 30th June, 1971 is 57.24% greater than of the previous year and the Turnover is up by £58,809,002 to £7,445,780. The Net Profit has been achieved largely through increased turnover which has been achieved by development of new lines, the high quality products, the very high morale of our Sales Force, the readily given and helpful advice from our principal Messrs. Marks & Spencer Limited."

Increasing Demand for Products

In order to meet the increased demand for our products we have had to materially increase our investment in Plant Buildings to gain the required production capacity to increasing trade. As I told you last year, we were enlarging Hathershaw Bakery. The first stage of this was completed by October 1970, giving this Bakery a large increase in production capacity, and the second stage is now being taken. The additions to our main Raw Material and Stores is almost complete and we have added 5,000 square to our Bakewell Bakery.

The demand for our products is still increasing and you have decided that if anticipated sales are to be met in 1972/73 and subsequent years a large programme of investment is required. Plans are being prepared to build a new Bakery which will provide a large Production together with all ancillary services. This project, which is planned to be completed before June 1972 will cost approximately £200,000 and to enable us to undertake the Programme Board have decided to request the Shareholders to pass a Resolution to increase the Capital to enable them to have a Rights Issue of two Shares for five.

J. & A. Lomax and their Subsidiary Company Hill & Smith Limited produced a very satisfactory increase in sales. Automatic Limited have also shown good results.

As regards the Watford Arms Hotel Limited, during the year we acquired the four cottages adjoining the Hotel, and we intend to extend our existing Bar.

£10 million Turnover Budgeted for 1972/73

In the short term, that is for the year ended 30th June, I anticipate, subject to any unforeseen circumstances, profits before taxation should enable us to pay at least 10% dividend on the increased Capital of the Company. The slightly longer term, namely for 1972/73 I shall be able to pay a turnover in excess of £10,000,000.

The report and accounts were adopted and a total dividend of 4% (last year 12%) was approved. At a subsequent Ordinary General Meeting a resolution was sanctioned increasing the Capital of the Company to £1,750,000.

SECOND CITY GROWTH CONTINUES

Mr. W. L. Jobbins, Chairman of Second City Properties Limited, speaking at yesterday's meeting of shareholders.

her points from Report and Accounts for year ended 30th April 1971:

Dividend 15% compared with 13% in 1970.

Profits have increased for sixth consecutive year.

Letting of new office block in Edmund Street, Birmingham increases rental income to more than £150,000 in full year.

Reduction in turnover reflects board decision to refrain from unprofitable tendering.

Private House Division's contribution continues to grow.

Profit forecast for current year - indications point to further improvement.

Results in brief

	1971	1970
Turnover	3,726,007	4,117,583
Profit Before Tax	333,959	311,866
Profit After Tax	206,485	170,701
Ordinary Dividend	113,590	102,230
Dividend Cover	1.8	1.7

Copies of the Report and Accounts can be obtained from the Secretary, Second City Properties Limited, 48 Temple St., Birmingham 2.

SECOND CITY
Properties Limited

BRITISH TRIMMINGS (HOLDINGS) LTD.

Year ended June 30	1971	1970
Turnover	1,041,566	894,853
Profit	73,068	55,031
Dividend	23,567	23,194
Dividend cover	(12%) 22.445	(10%) 13.704
Carried forward	106,082	81,126

Mr. Alfred C. Stone, chairman, reports:

Turnover increased by 16% and profits before tax by enabling the Board to recommend an increase in the dividend to 12%.

While the benefits looked for from the Chancellor's recent cuts of various financial restrictions have not, up to the end of August, had any real effect on sales, benefits should be felt in the course of the next few months, though the unsettled conditions make it difficult to predict with certainty.

UNITED KINGDOM PROPERTY COMPANY LIMITED

EXPANSION POLICY CONTINUES

The following are extracts from the accounts and the latest statement of the Chairman, MR. H. L. DENTON, for the year ended 30th June, 1971:

"Profit before Taxation amounted to £108,477 (1970-£90). The Directors recommend a Final Dividend of 13% on the total distribution for the year of 20% (1970-16%). Evaluation by J. Trevor & Sons of the Group's properties at 30th June, 1971 amounted to £3,585,500, an increase of £285,000 over the comparable Balance Sheet figures of June, 1970. The Company acquired 51% of the Issued Capital of South Western Consolidated Property Holdings Ltd., an unquoted Property Investment and Dealing Company. In August, 1971 your Company entered into negotiations to acquire the entire issued Share Capital of Thames Property and Securities Limited. These negotiations are continuing."

It is your Board's intention to pursue a policy of expansion in the solid foundation achieved through sound investment in the past years, and I have every confidence in the continued progress of your Company's affairs."

GEEVOR TIN MINES LIMITED

The Fifty-eighth Annual General Meeting of the Company was held on the 27th October, at Pendeen, Cornwall. Mr. A. L. Thomas (Chairman) presided and the following is an extract from his Statement for the year ended 31st March 1971:

"The profit of £128,203 from last year's record figure. This reduction has been brought about by increased costs, lower tin price, particularly in the second half of the year, and the lower grade of ore treated. The grade and tin price factors resulted in the revenue from the sales of tin produced during the year falling from £899,437 to £844,366. Sales of accumulated tin residues realised £16,648 and the proceeds of copper flotation residues were £29,134. The value of granite rejects sold was about £6,000 to nearly £15,000."

Mining costs show a substantial increase from £374,800 to £845,700, almost entirely due to higher wage and salary rates and to the increase in the prices of materials and power."

After providing for Taxation, the profit for the year available for distribution amounts to £107,490. An Interim Dividend of 5p per share has been paid and a Final Dividend of 10p per share is recommended, absorbing a total of £61,920; in addition, £40,000 has been transferred to a General Reserve and the carry forward balance in the Profit and Loss Account now stands at £38,785."

In arriving at the amount of the proposed final dividend, the Directors have had regard to the requirements of the Company's capital and exploration programmes, while at the same time providing a return to the shareholders commensurate with the profit earned. The combination of the lower tin price and the continuing impact of inflation is adversely affecting profits which must be expected to be considerably lower in the current year."

DEVELOPMENT—The unwavering of Levant to about the 190 fathom level has permitted the renewal of the development of our orebodies westward, and since the end of the year headings advanced on the 14th level on the No. 2 Branch and Coronation lodes show promise."

LEVANT—Since the end of the financial year the crosscuts on Nos. 1 and 4 levels passed through orebodies which have since been intersected by No. 6 level crosscut. This crosscut has been extended by about 180m to the indicated position of the Corpus Christi lode."

Apart from the payable ground exposed by the No. 1 level development, results have, in the main, been disappointing. The planned exploration of the Levant undersea area is being vigorously pursued."

GENERAL—I have already mentioned the expectation of considerably reduced profits for the current year, and I must re-emphasise that unless the continued upward spiralling of labour and materials costs is offset by a large increase in the price of tin, the tin mining industry in Cornwall, and indeed all those employed therein, will be placed in a very vulnerable position."

KINTA KELLAS TIN DREDGING

Extracts from the circulated statement by Mr. T. H. Macer, M.C. F.C.A., the Chairman:

"Mining operations both by Dredging and Open-cast proved satisfactory. The profit for the year was £361,336 compared with £211,537 for the previous year, taxation requires no less than £182,779 (£78,770). The Directors declared a third interim dividend for the year of 60%, making a total distribution of 120% (100%)."

There were no major problems for the Dredging Operations during the year. Yardage treated increased by 337,500 cubic yards, and recovered was higher by 116.56 metric tons, cost per cubic yard was lower by 1.22p and the average price received for tin ore recovered was £10.49 per metric ton higher. The financial result was a sharp rise in profits."

The results from the Open-cast Operations were most encouraging. On a Capital Investment of slightly under £160,000, the net profit of £55,842 (£23,277) represents a most satisfactory return. One recovery for the first four months of the current year are ahead of the average for 1970/71."

The present price of tin is ruling somewhat lower than the average for the past year but nevertheless I feel confident that I shall be able to announce very satisfactory results this time next year."

EXPANSION BY ROBERT LEE

Robert Lee and Partners, of London, has joined forces with a Johannesburg-based company, UAL Management Services, a wholly-owned management consultancy subsidiary of The Merchant Bank, Union Acceptances.

The new association will enable Robert Lee to expand recruitment and other services, as UALMS is already firmly established in Southern Africa and has affiliates throughout Australasia. Robert Lee already operates through offices in London, New York, San Francisco, Brussels, Milan, Paris, Munich and Dublin. In addition partners have, until now, made regular visits to Australia and several African countries."

EQUITY-LINKED CONTRACTS

Dominion-Linkin Equity Assurance and has introduced further addition to its Linkin-Glyn series of equity-linked contracts in the form of the Equity Protection Plan."

This new low-cost plan has been designed to protect investors against death benefits from the effects of inflation. It provides increasing life cover through investments in the successful Linkin-Glyn Fund, managed by Williams & Glyn's Bank and started in June, 1968."

Exports of gold total £28.9m. in September

GOLD EXPORTS from the U.K. totalled £28.9m. in standard form in September, with Switzerland taking £15.9m., France £6.0m. and Macao £2.7m.

Out of total such exports of £180.9m. in the first nine months of the year, Switzerland accounted for £88.9m. and France £35.3m.

Non-standard bar exports were reduced to 5.1m. in September. A group of Swiss exporters on Dubai received £2.6m. bringing their nine-month aggregate to £32m. out of overall exports from the U.K. of £56.5m.

Standard bar imports in September amounted to £40.2m., with South Africa supplying £35.2m. and East Germany £3.5m. Total standard bar imports for the nine months were £365.5m., of which South Africa provided £341.5m. and East Germany £19.5m.

There were no imports of unrefined silver to the U.K. in September, and refined imports only totalled £0.8m. The present depressed state of the silver market is not thought to be the reason for the lack of imports of the metal."

Thomson Sky Tours' reply to Horizon

By Ray Dafer

THOMSON SKY TOURS yesterday fired the latest shot in the battle over who should stay at which Continental hotels. The outburst followed a letter from Horizon Holidays to 400 hoteliers telling them that in future it would not send customers to hotels which catered for other than "Sky Tours" operators, including Thomson.

Mr. Bryan Llewellyn, Thomson Holidays' managing director, commented: "I think it is us that Horizon is cross with. Next summer they find themselves sharing one or two Spanish hotels with Sky Tours."

In its letter Horizon said it wanted "to offer a certain standard of service for clients and the company". Mr. Llewellyn, in a statement, claimed that Horizon was charging up to £13 more "for precisely the same standards of accommodation."

Thomson claimed a "normal profit margin" on these hotels, given the high aircraft loadings and high hotel occupancy that the company was able to achieve. "Why should the public be obliged to pay more for the holidays than is absolutely necessary?"

GOLD MINES OF KALGOORLIE (AUST.)

The 20th annual general meeting of Gold Mines of Kalgoorlie (Aust.) Limited was held on October 18 in Melbourne.

SIR LINDSAY CLARK, the Chairman, presided, and in the course of his speech, said:

Financial Results: The Company incurred a loss of £373,000 on operations in 1970/71 compared to a profit of £316,000 in the previous year. This loss was a direct result of reduced revenue due to lower grade ore treated and an increase in costs.

The value of the assets at the termination of gold mining operations will be dependent upon the use to which they will be put. If the plant must be broken up for scrap, then the residual value will be far less than if the plant could be used for processing nickel ores which may be found in the district. At this stage, directors cannot predict the value of the assets at the termination of gold mining operations."

The loan from Western Mining Corporation Limited increased to £945,000 during the year. No dividend payments will be made while any part of this loan is outstanding.

Future Developments. Shareholders have been advised by the Board that the loss on operations in 1971, and the decision of the Commonwealth Government not to increase gold subsidy, advanced development work will cease after completion of development above the 1000 foot level at Mt. Charlotte unless there is a substantial increase in the gold price in the meantime. It is expected that under these conditions, operations will result in a cash surplus for a limited period. When all developed ore which can be economically extracted has been treated, gold mining operations will be suspended. Directors expect operations to continue until the first half of 1973."

The Company had received advice from the Commissioner of Taxation that at 30th June, 1969, an amount of £7,715,680 was available for distribution in terms of Section 44 (2)(c) of the Income Tax Assessment Act. However, the written advice as to the amount available for distribution after the payment of tax had been given to the Company has now been withdrawn by the Commissioner of Taxation."

The Board does not agree with the reasons given by the Commissioner for the withdrawal and is obtaining advice as to how to take the matter further. A statement will be made when this advice is forthcoming but it is not expected at an early date."

Ore reserves: Total ore reserves as at the end of the year were estimated to be 2,747,000 tons averaging 3.9 dwts. per ton. The ore reserves have been substantially reduced at Mt. Charlotte, as it is uneconomic under present conditions to develop and mine ore at lower levels which had previously been included in reserves."

DAVID CHARLES SUMMARY OF RESULTS

FOR YEAR ENDING 30th JUNE 1971

	1971	1970
Turnover	12,132,000	11,003,000
Group Profit before taxation	851,381	725,943
Group Profit after taxation	570,860	382,272
Ordinary Dividends (gross)	259,193	155,000
	(53%)	(30%)
Profit retained	273,967	189,772

● Pre-tax profits 17% up on 1969/70 at £851,000 compared with forecast £810,000. Profit after tax up 49%.

● All trading operations have contributed to the eighth consecutive year of record profit.

● Dividend up from 30% to 33%, twice covered by earnings.

● Current trading is in advance of last year's level in development, construction, and service activities to the construction industry.

● Further increase in profits is predicted with confidence.

Annual General Meeting, Chamber of Commerce House, Harborne Road, Birmingham 15, on Thursday 18th November, at 12 noon.

Full Report and Accounts may be obtained from the Secretary, David Charles Limited, Maypole Lane, Birmingham B14 5JU.

HERON

Profits rise to £1.3 million

Extracts from the Chairman's statement for the year ending 31st March, 1971

"Profits for the year show an increase of 56% to £1,309,000... the net asset position has substantially improved... cash on deposit at 31st March was approximately £2.6 million, this has been further improved since the year end by the issue of £5.6 million, Debenture Stock... with its strong liquid position... your company is in an excellent position to consider future acquisitions."

COMMERCIAL PROPERTY DEVELOPMENTS

"The rental income is just short of £1 million... the current market value of U.K. commercial properties completed or under development now amounts to £19.4 million... the Group has expanded rapidly in Europe with the acquisition of prime sites in France and Belgium."

HOUSEBUILDING

"The Group's housebuilding activity expanded considerably during the year under review... 160 acre site, acquired in City of Gloucester... planning consent for 1000 homes."

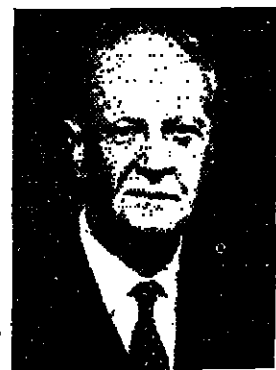
The Group is now by far the largest house developer in the West Country. By 1980 the Group will have built 8000 homes on an area covering 800 acres."

Copies of the Company's Report and Accounts may be obtained from The Secretary, HERON HOLDINGS LIMITED, Heron House, 29 Marylebone Rd., London N.W.1. 01-486 4477



WESTERN MINING CORPORATION ANNUAL MEETING: HIGHLIGHTS OF CHAIRMAN'S ADDRESS

THE ANNUAL MEETING OF SHAREHOLDERS OF WESTERN MINING CORPORATION LIMITED WAS HELD ON THURSDAY OCTOBER 21ST IN MELBOURNE. SIR LINDSAY CLARK WAS CHAIRMAN OF THE MEETING.



Sir Lindsay Clark

FINANCIAL

Sir Lindsay said that Western Mining Corporation's proportion of consolidated profit for the year ended June 30, 1971 was \$22,214,000.

In arriving at this figure charges of \$12,457,000 had been made against the cash operating surplus of \$34,107,000. These included \$10,189,000 for depreciation and amortisation, and a part of exploration expenditure amounting to \$1,556,000 which had been written off."

The cash operating surplus, together with \$9,273,000 raised from new shares issued, had been used to meet the Company's commitments and capital expenditure programme for the year. Of this combined total, \$4,375,000 had been appropriated for dividends to shareholders, \$3,553,000 had been spent on exploration and \$24,448,000 had been invested in the continued development of nickel operations. Other large items included \$3 million for repayment of the term loan and an increase in working capital of \$6,120,000."

NICKEL OPERATIONS

Production of nickel and further development at Kambalda, Kwinana and Kalgoorlie continued satisfactorily during the year. A recent result was the discovery of a new ore zone. This was approximately 5000 feet south of Gellatly Shoot."

Economic mineralisation had now been found on the northern, western, southern and south-eastern sides of the Kambalda dome. Systematic exploratory drilling of the eastern section had recently begun."

Ore reserves for Kambalda and Paris-St. Ives had increased by over 3 million tons to a figure of 20,566,000, averaging 3.4% nickel."

EXPLORATION FOR NICKEL

The Foster Shoot was discovered during the year in the Cooree ultramafic, being the third ultramafic unit in the Paris-St. Ives area to be shown to contain high grade nickel sulphide ore."

Prospecting under Lake Lefroy and in the Paris-St. Ives reserve was still at an early stage, but it was already apparent that this region would be a major source

of nickel sulphide ore. In terms of expenditure to date, exploration had been as successful as at Kambalda."

MINE DEVELOPMENT

In the past year mine development at Kambalda had proceeded at a greater rate than that required to maintain present production."

TOWN DEVELOPMENT

Town development at Kambalda continued. The population of Kambalda was now approximately 4,500."

NICKEL SELLER

The WMC nickel smelter at Kalgoorlie, designed to produce 20,000 tons of nickel in matte annually, was under construction and should begin smelting early in 1973."

NICKEL REFINERY

The WMC nickel refinery at Kwinana which produces high purity nickel metal direct from concentrates was operating at steadily increasing efficiency. The refinery would ultimately be capable of producing in excess of 20,000 tons of nickel metal per annum when treating concentrates alone. This figure would be higher when treating a feed of matte and concentrates."

NICKEL MARKETS

In common with most Australian mining companies, Western Mining Corporation had to sell most of its mineral products on world markets."

During 1971 there had been a downturn in business activity in the Western world, and this had affected demands for all metals including nickel. Whilst the Company had been largely protected from the downturn in nickel consumption by its long term sales contracts for both concentrates and metal, it was difficult to increase sales at present."

Nickel sales from the Company's mine production in the first half of this year were expected to be lower than in the corresponding period last year and it was expected that the Company's profits for the first half of this year would be less than for the corresponding period last year. There were indications that a significant improvement could be expected in the second half of the year."

WMC was accepted as a depend-

able alternative source of nickel and now provided 7% of the Western world's nickel. Production from Canadian nickel sulphide deposits was expected to reach a plateau in the next few years due to increased costs and declining ore grades. Substantial increases in future nickel supplies depended on recovery of nickel from laterite ores, which, to be economic, depended on very large-scale operations. Higher nickel prices would be required to justify capital investment in such projects."

FUTURE DEVELOPMENTS

With the mine development well advanced, the treatment plant installed at Kambalda, together with the smelter at Kalgoorlie and the refinery at Kwinana, production facilities will have been established as a base for expansion or diversification. Further expansion would be possible with relatively small additional capital expenditure which would be a great advantage when compared with large scale nickel laterite developments."

COAL

The Company had the right to acquire up to 25% interest in the Hail Creek venture. This coal deposit was west of Mackay in Queensland. Reserves of 750 million tons of high grade coking coal had already been indicated."

GOLD

The suspension of operations of Central Norseman Gold Corporation N.L. and Gold Mines of Kalgoorlie (Aust.) Ltd. because of rising costs and declining ore grades, at the end of 1972 and in 1973 respectively, marked the end of an era for WMC. Following the recent announcement by the Commissioner of Taxation that the earlier advice of the extent of tax-free profits was now withdrawn, the companies were considering what action to take."

ALUMINIUM

WMC owned 20% of Alcoa of Australia which earned a net profit of \$17,100,000 in 1970, 84% higher than the previous year. An 8% dividend was received, amounting to \$800,000. Alcoa's sales performance had continued strongly in 1971 and the profit expectation was encouraging."

Associated Dairies

Growth Continues

Sales figures for year ended	1/5/71	2/5/70	3/5/69
	£000	£000	£000
Profit before taxation	2,880	1,719	1,379
Profit after all charges including tax	1,632	822	864
Profits retained	1,110	555	523
Ordinary Dividends	14%†	12%*	13.7%

† Capital increased by 1 for 4 scrip issue October 1970

* Capital increased by 1 for 2 scrip issue October 1969

Extracts from the Statement circulated to shareholders by the Chairman, Mr. A. N. Stockdale

Dairy Division

This division has once again achieved record profits. There were no major acquisitions or alterations to our processing units during the year and the opportunity has been taken to consolidate and prepare for changes that could affect the future."

Despite introduction by the government of changes in the Welfare and School Milk Schemes which have had their effect on turnover, increased sales have again been achieved in this division. Emphasis has been given to the development of our manufacturing side in cheese, cream, and other products, bearing in mind the outlets available through our refrigerated van shop service, and superstores."

Meat and Confectionery Division

Our combined manufacturing unit at Lofthouse is now handling 95% of group production of meat and confectionery products, with daily deliveries of perishables to all areas of our retail operations."

The changing pattern of trade away from the small retail shop has developed further during the past year to the extent that currently in excess of 50% of our manufactured output is sold through group superstores."

It is anticipated that this trend will accelerate during the year ahead, particularly in the field of customer self-selection to which end much of our manufacturing development work is directed."

Superstores Division

In my last report I commented that 'our trading philosophy had captured the imagination of the shopping public' and such has been the progress made that recent Press comment has referred to the Asda operation as 'the quiet retail revolution'. Your company is now trading in 34 stores, sixteen of which have selling areas ranging from 35,000 to 90,000 square feet, and overall we have retail capacity exceeding one million square feet. This year we have opened six new stores, two of which are situated in the Midlands. A further six stores are at present in course of construction, including a prime site in Edinburgh. All are expected to be operational in the early part of 1972. We are continually seeking suitable sites for development and consider our management structure is sufficiently strong to enable your Company to expand its activities into any area of the United Kingdom."

Prospects



The banking game-how Charterhouse can help you score from baulk.

If you're running a company, you've certainly got at least one bank - probably one of the "Big Four" clearing banks, and very good they are.

So why should you need a merchant bank like Charterhouse Japhet as well?

There are really three reasons.

Firstly, it's not a bad idea to have two strings to your bow. Credit's easy just now, but it hasn't always been....and it won't be again. When you need an alternative source of finance, we can very often find ways, as our customers well know.

Secondly, we know an exceptional amount

about overseas trading. That's what merchant banks were originally for. And ever since we started in 1880 that's been one of our strongest points.

We advise on the complexities of foreign business as a matter of routine, and through a comprehensive overseas network we handle all methods of trade finance.

Our foreign exchange department is well equipped to deal with unexpected hazards (like floating exchange rates) and can challenge anyone for speed and flexibility.

Which leads us to the third point. Personal service. We're small enough to know our customers

personally, and to take the initiative if action is needed.

All in all, we think you'll find we can act as a really helpful banking partner. The kind you need to help you score in the banking game.

If you think we could help you, get in touch with Michael Levene at Charterhouse Finance Corporation at 01-248 3999. Or if you're in the Midlands ring Ralph Sammell at 021-236 4936.

Charterhouse

The Charterhouse Group Ltd, 1 Paternoster Row, St. Pauls, London EC4P 4HP.

BOOKS

Moguls at work

BY DAVID FISHLOCK

Public Affairs by C. P. Snow
Macmillan, £3.00. 224 pages

Snow the essayist has the style of an urbane and reasonable observer. In the late 'fifties he pointed out a curious anomaly, peculiar to this country, in the academic structure of Britain. The nation's best brains were polarised into two camps, separated by "a gulf of mutual incomprehension—sometimes (particularly among the young) hostility and dislike, but most of all lack of understanding."

The camps, of course, were those of the literary intellectual and the scientist. Snow, anxious to keep a foot in each rather than commute across the wilderness of no-man's land, also recognised how wasteful and pointless the polarisation was. In particular, it devalued the type of brain on which Britain, as a highly industrialised nation, would become increasingly dependent for its income as competition grew fiercer—to the ultimate disadvantage of the opposite camp.

His two-cultures thesis, however, moved one of the moguls of the literary camp—ironically enough, from his own university, Cambridge—to make a spirited response. The substance of that response was that the matter should never have been raised and, anyway, Snow was not the man to raise it.

The style of F. R. Leavis's acid assault was one known and appreciated in the literary camp but not among the scientists. (Although, to be fair, it is not so long since a scientist's ability to defend his thesis depended, in part, on his prowess with a walking stick.) But Snow found it hard to engage in debate with Leavis, for as he puts it, "I can't trust him to keep to the ground rules of academic or intellectual controversy." So he simply refused to join battle.

Of course, an important part of Leavis's argument rests with his ability to see people's opinions starkly as good and bad, and to say which is which in terms that, in a political context, would probably be called inflammatory, and elsewhere slanderous. Certainly, simplifying life in some ways, according to Snow, he goes further, flouting the ground rules of serious discussion by misquotations and

by attributing attitudes and opinions he does not hold; something again not unknown in politics.

For that reason, says Snow, there never has been nor ever can be a serious debate between the two men. Why then is the matter reopened with the inclusion here of a statement on Leavis first published only last year? Can Snow be hoping to prod his old adversary, now mellowed a little perhaps, into some more reasoned statement? A decade of discussion has made it well known that two camps exist, but done little to alter the situation.

It may be a little strong to suggest that the author himself has flipped into the less objective camp when discussing moguls of another persuasion. But he certainly sees starkly as good and bad the views of the two principal players in another discussion. Here he is analysing the place in modern politics of the Government's chief scientific adviser. He is objective enough to be aware. But he reaches the conclusion—which I cannot share—that he has been quite fair.

Tizard and Lindemann (later Lord Cherwell) are his principal players, and he can leave no one in doubt that he believes had Tizard been the nation's chief scientist throughout Churchill's wartime premiership, our war would have been shorter and cheaper. Certainly the evidence he stacks against Lindemann seems pretty damning. This scientist made some serious blunders. But we are left with the strong impression that all his decisions were correct; and that his views, and moreover could have carried through, the correct course of action. We do not learn, however, how Tizard fared when Lindemann's patron lost office in 1945, and Tizard's advice once more held sway.

Snow clearly does not think that society should entrust one man with the influence vested in the Government's chief scientific adviser. He may be right. But I cannot help feeling the way he has presented his case affords the other culture with a strong argument for never trusting the technical experts, on the ground that they "never agree."

Fiction

Man shapes his world

BY ISOBEL MURRAY

The Scorpion God: Three short novels by William Golding
Faber and Faber, £1.75. 178 pages

Sunlight On Cold Water by François Sagan
Weidenfeld and Nicolson, £1.75. 184 pages

The Harness Room by L. P. Hartley
Hamish Hamilton, £1.50. 131 pages

Strange Meeting by Susan Hill
Hamish Hamilton, £1.75. 224 pages

Sound The Retreat by Simon Raven
Anthony Blond, £2.00. 224 pages

Although *Envy Extraordinary*, the third novel in *The Scorpion God*, was published as long ago as 1956, William Golding has characteristically contrived to match and juxtapose these three novels so that each throws light on the others. They also have characteristic points of view on people, whether primitive or sophisticated, who impose a peculiarly human vision of reality on nature and circumstances; each involves leaders in the possibility of change, and each turns on exploration of the situation and the question of change.

The first novel, *The Scorpion God*, is told from a steadily neutral point of view. The reader only gradually begins to learn the full implications of the Nile community where the

God Great Horse holds up the sky, and runs ceremonially to make the river rise. When Great Horse fails to finish his run, or to succumb to his daughter's wishes, he has to die. Everything is ceremonial, formal, beautifully ruled by a religion that gives meaning to every action. Cracks in the structure are shown by the destined successors, the half-blind boy-prince who rejects godhead and wants to be a girl, and his bewitching sister, Pretty Flower, whose great obscenity is a non-innocent love-love for a stranger, her father's Liar. But it is the Liar on whom the tale centres: the Liar tells stories of an outside world which seem manifestly absurd, but the Liar exemplifies reason and even cunning. He rejects a beautiful death in the tomb of his master—his obscenity is to prefer this life. But as the frieze-like pageant develops, it becomes a complex pattern: Golding has forced new points of view on his readers; we know the Liar speaks true and points forwards, but his qualities include grovelling cowardice and extreme selfish cruelty. The new world the Liar will create will lack much of the beauty of the old. In *Clonk Clonk* the possible change does not occur. The community is a very much more ancient one, ruled by the moon and the magic of names. Men and women live largely separate, casually homosexual lives. The men hunt and giggle and experi-

ence easy emotions; the women appear their slaves but are superior in knowledge and tactics. Imperfect babies are consigned to the river, but one—Charging Elephant—was overlooked, and is a man among graceful hunters. Because of this he is mocked, called Chimp, and excluded from the herd, experiencing loneliness, an unknown state. When circumstances bring him to Palm, the Namer of Women, change is possible precisely because of their imperfections—his ankle, her craving for alcohol, and these strain against all the given assumptions. The rendering of Chimp's consciousness is a tour de force comparable to the triumph of *The Inheritors*.

Envy Extraordinary is familiar already as fiction and as the play *The Brass Butterfly*, and familiar as really witty comedy. Placed third here, its comedy is muted although not extinguished. Its lesson is that changes are almost always for the better. The Roman Emperor and his people cannily reject such outrageous innovations as steamships, artillery and—printed books. The Emperor is ultra-sophisticated and urbane, and his ready wit is a little more subtle: his victim is never seriously in doubt, but the rejection of the inventions, however hilarious, is not finally sufficient to be simply an adolescent boy, in its way competent enough, but slight and disappointing from the creator of Eustace and Hilda, or *The Go-Between*. Susan Hill and Simon Raven have both produced very readable novels about young men as soldiers. *Strange Meeting* is a touching study of friendship amid carnage in the Great War, and it is a solid piece of work. For his self-mockery, Simon Raven can hardly justify the ponderous importance he bestows on his *Atlas For Oblivion* series: centring on officer cadets in the last days of British India, *Sound The Retreat* is well-observed and often funny, but quite definitely lightweight.

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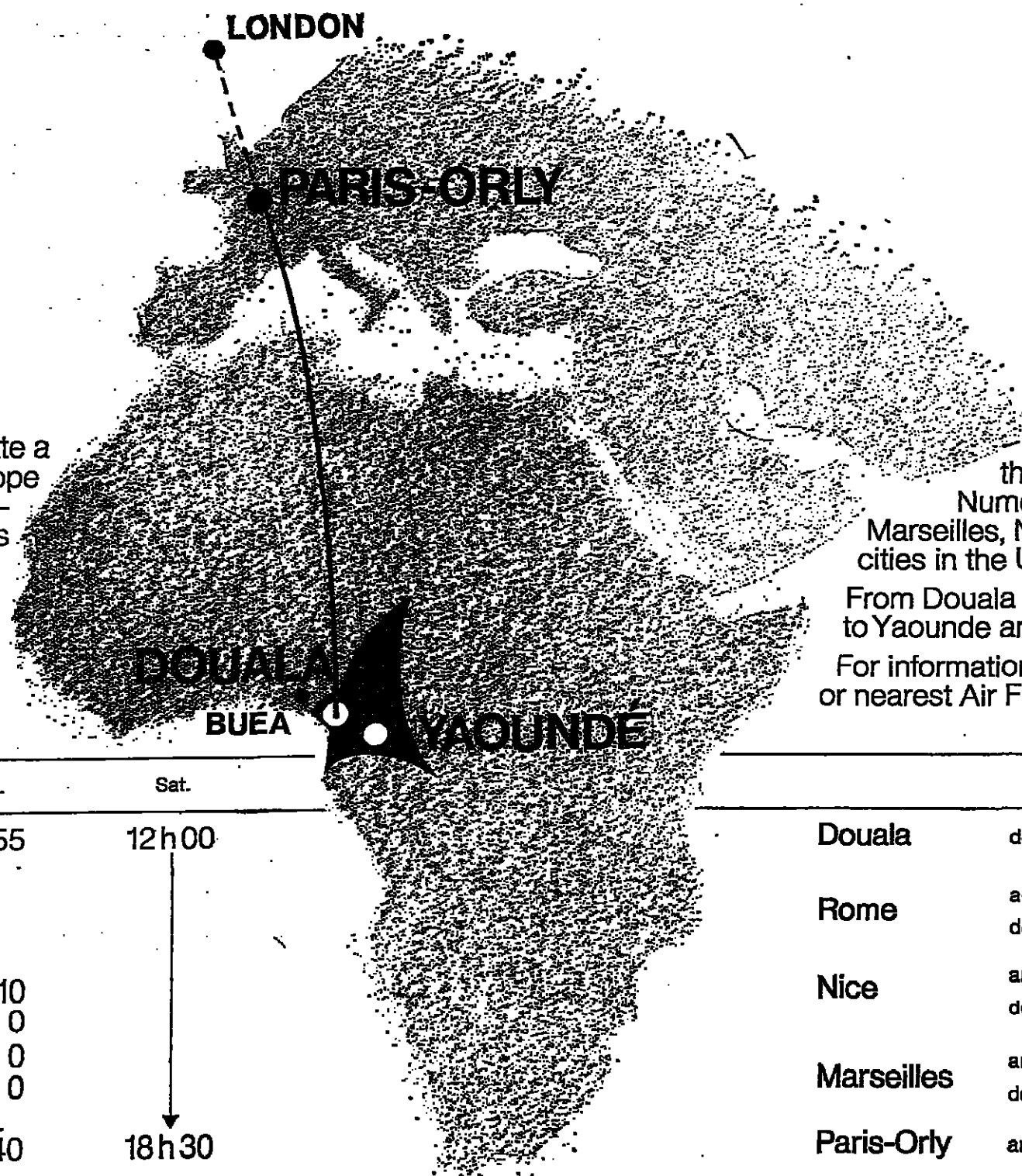
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Cameroon Republic announces Cameroon Airlines



Starting on Tuesday 2nd. November

Douala three times a week



Cameroon Airlines, a new airline, will operate a regular long distance service between Europe and the Cameroon by Boeing 707 Intercontinental. It will connect with domestic flights and flights to other African States.

Douala three times a week.

Starting on 2nd November 1971 Cameroon Airlines will operate a service three times a week from Paris (Orly) to Douala:

one direct flight; one via Marseilles, and the third via Nice or Rome.

Numerous connecting flights are available to Orly, Marseilles, Nice and Rome from London and other major cities in the U.K.

From Douala there will be immediate onward connections to Yaounde and other provincial towns.

For information and reservations contact your Travel Agent or nearest Air France Office.

		Tue.	Wed.	Sat.
Paris-Orly	dep.	22h 15	19h 55	12h 00
Marseilles	arr.	23h 30		
	dep.	00h 20		
		Wed.		
Nice	arr.		21h 10	
	dep.		22h 10	
Rome	arr.		23h 10	
	dep.		00h 10	
			Thur.	
Douala	arr.	06h 00	05h 40	18h 30

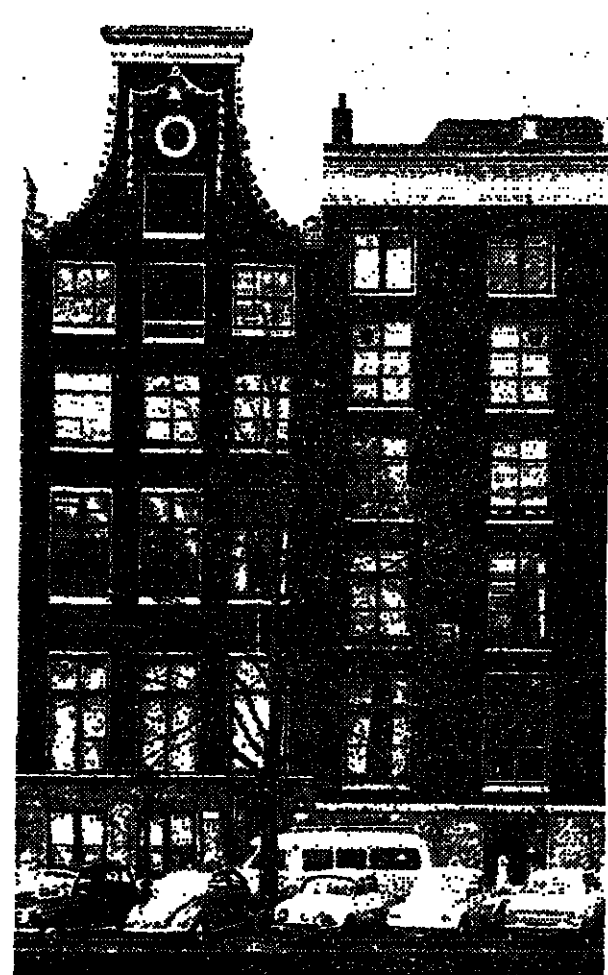
		Wed.	Thur.	Sun.
Douala	dep.	10h 15	10h 15	10h 15
Rome	arr.		15h 45	
	dep.		16h 35	
Nice	arr.		17h 25	
	dep.		18h 10	
Marseilles	arr.			
	dep.			
Paris-Orly	arr.	16h 45	19h 30	16h 45

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COMPANY NOTICES

M.T.D. (MANGULA) LIMITED

(Incorporated in Rhodesia)

DECLARATION OF DIVIDEND

NOTICE IS HEREBY GIVEN that Dividend No. 25 of 11 cents per unit of stock has been declared payable to stockholders registered in the books of the Company at close of business on Friday, 12 November, 1971.

The dividend is declared in the currency of Rhodesia and will become due on 12 November, 1971. Warrants in payment will be issued from Salisbury and London on or about 8 December, 1971.

Present regulations prevent payments to residents of the United Kingdom. The Company is therefore unable to pay the dividend to such residents. All shareholders are advised to apply to the Company for a declaration of dividend in the currency of their own country. All shareholders are advised to apply to the Company for a declaration of dividend in the currency of their own country.

The Transfer books and register of members will be closed from 13 to 20 November, 1971, both days inclusive. A summary of the profits attributable to the company and appropriations for the year ended 30 September, 1971 is as follows:

	1971	1970
Net profit after providing for taxation	54,169,000	58,697,000
Capital profit on sale of investment in subsidiary	1,144,000	126,000
Profits unappropriated	55,313,000	58,823,000

Dividends Nos. 24 and 25—£2,000,000 and £2,000,000 respectively. Transfer to Reserve—£1,144,000 and £126,000 respectively. Profit carried forward—£55,313,000 and £58,823,000 respectively.

Capital expenditure was—£1,144,000 and £126,000 respectively. The Report and Accounts for the year ended 30 September, 1971 will be posted to members on or about 10 December, 1971 and the Annual General Meeting will take place in Salisbury on Thursday, 20 January, 1972.

BY ORDER OF THE BOARD

THE MESSINA (RHODESIA) DEVELOPMENT COMPANY LIMITED

per: S. H. VERRALL

London 27 October, 1971.

Transfer Office, 16th Floor, Limestone House, Jameson Avenue Central, Salisbury, Wiltshire, BA1 1JY. Tel: 01753 271071. The sterling equivalent of 11 cents at 27/10/71 is approx. 6.10d

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maturing on 26th January, 1972 at a discount of 10.5% per annum. The total amount of bills outstanding is £10,000,000.

CITY OF STOKE-ON-TRENT

£500,000 City of Stoke-on-Trent Bills maturing on 26th January, 1972 at a discount of 10.5% per annum. The total amount of bills outstanding is £10,000,000.

WOLVERHAMPTON CORPORATION BILLS

maturing on 26th January, 1972 at a discount of 10.5% per annum. The total amount of bills outstanding is £10,000,000.

WILTSHIRE COUNTY COUNCIL BILLS

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September strikes lose 552,000 days

BY ALEX HENDRY, LABOUR REPORTER

THE NUMBER of working days lost through strike action in September was 552,000. This is the highest monthly total since the first three months of the year, when the figures were pushed up by the lengthy Ford and Post Office strikes.

During the month 165 strikes began. Just over half were over wage disputes. Nearly 70 per cent of the total number of workers involved in the 165 strikes took part in those over wage disputes.

Although the total number of days lost for the year is likely to be more than 13m, compared with 10.9m last year and 6.8m in 1969—the number of strikes is going down.

In the first nine months of this year there have been 1,777 strikes compared with 3,248 in the same period last year. The total of 12.2m working days lost this year includes 8.25m on the Ford and Post Office strikes.

The strike figures published by the Department of Employment to-day do not take account when calculating the days lost, of the repercussions of strike action on other establishments.

The Department also published figures yesterday showing that in September the basic weekly rates of 680,000 workers were increased by £830,000. In the first nine months of the year increases in basic rates for 71m workers have totalled £12m against £13.1m for 8.2m workers last year. The figures, however, do not give an accurate picture on earnings since the basic rate is only one of a number of elements and the pace of settlements varies from year to year.

Overtime ban

Craftsmen in the mining industry have voted overwhelmingly to support the overtime ban in support of their pay claim. Mr. Roy Otter, the General Secretary of the National Union of Mineworkers said at Stoke on Trent yesterday that only two of the 23 branches had not voted in favour of the overtime ban. The craftsmen have also backed the recommendation by the Department of Employment to withdraw from the industry's consultative machinery and for a strike ballot to be organised.

Leyland men at Cowley accept pay offer

ABOUT 3,000 workers employed at British Leyland's car body plant at Cowley decided yesterday to accept the company's latest pay proposals.

Skilled workers in the top grade will receive £40.80 a week while men in the lowest grade, including sweepers and lavatory attendants, will get £32. The new increases were put forward in the September wage review and discussed at a top-level conference at York two weeks ago between management and union officials.

Meanwhile, more than 450 shop floor workers at the Maidenhead car component factory of Tilling-Stevens have been put on a four-day week. It is expected to last throughout next month.

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A spokesman for Tilling-Stevens said yesterday: "We are optimistic about the future and hope no-one will be made redundant. But we are in the hands of other people." Another 250 employees are working normally.

£1,000 for UCS

The National and Local Government Officers Association has sent £1,000 to the striking fund of the Upper Clyde Shipbuilding workers.

TUC seeks to reverse 1933m

THE TUC wants to discuss the problem of Britain's out-of-control unemployment with the Government of Employment and to take its case to the Prime Minister if necessary. The General Council yesterday pressed grave concerns about the numbers of young unemployed and noted that one of the most difficult problems was that of 16- or 17-year-olds with few educational qualifications who found themselves displaced by their job by subsequent school-leavers with more qualifications.

This problem might become more serious as the number of jobs requiring limited educational qualifications diminished with technological change. Mr. Vic Gollins, TUC general secretary, said that the Government claimed there were 150,000 unemployed registered at the beginning of this month but that did not mean that 150,000 were jobless—many of them returned to school.

The Transport and General Workers' Union has asked the Government to co-operate with the union labour employed by strike-bound haulage companies J. W. and R. Smith of Peterborough.

Its 22 drivers stopped work last week in protest over the dismissal of one of their colleagues and in support of a pay demand. A conciliation officer from the Department of Employment called a meeting for to-day in bid to settle the dispute.

UNION CALL TO BLACK BRICK DELIVERY

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NO-STRIKE BODY TO REGISTER

Registration under the Industrial Relations Act is to be accepted by the Professional Association of Teachers, who has a rule that its members must not strike.

The 2,400-strong association was formed after the schoolteachers' strikes last year.

Law Reports

Lords uphold £65,000 Gains Tax on Crabtree shares sale

FIVE LAW LORDS yesterday upheld an Appeal Court ruling that Mr. Peter Neville Crabtree must pay £66,695 capital gains tax on the sale of shares in R. W. Crabtree and Sons, printing machine manufacturers, to the Vickers.

Tax Commissioners had reduced the gains to £10,000, but the Appeal Court had said that the Vickers should pay the balance of £56,695.

The decision turned on the question of whether the shares were sold to the Vickers as a private sale or as a sale to the public. The Appeal Court held that the shares were sold to the public.

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whole of the company's issued capital. He received 55s a share on the basis that the middle market value on April 6, 1965, was 42s 6d a share.

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evidence—

Overseas visitors spend £433m. in U.K.

BY RAY DAFTER

OVERSEAS TRAVEL and tourism in the U.K. increased by 18 per cent. in 1970, with 19.7m. visitors spending £433m. in the U.K. The latest edition of Trade and Industry, published today, says that the result on the 1970 travel account is a positive balance for the U.K. of £48m., compared with £25m. in 1969. But following the record growth in British tourism in 1969 there is a slower rate of increase in the number of overseas visitors this year, a trend which has continued so far in 1971.

Holiday factor

Detailed figures show that each visitor to Britain spent more than £22.5 in 1970, compared with £22.1 in 1969. The average expenditure of the British tourists, 13 per cent. last year, increased by 13 per cent. last year, his foreign counterpart's spending went up by only 5 per cent. in 1970. In fact, spent slightly less—£26.5, compared with £26.5 (a slight improvement) while

About 45 per cent. of those visiting Britain came on holiday. Some 19 per cent. came on business, 13 per cent. to stay with relatives and friends and 2 per cent. for study. (The remainder gave a number of reasons including "health" and "religious.")

While British businessmen tend to spend longer abroad than overseas businessmen in the U.K. (nine days compared with a fraction over seven days) their average expenditure each day is very much less.

In fact, an overseas businessman in Britain last year spent on average £72.5 a visit, or £10.3 a day, whereas U.K. businessmen abroad spent £51.8, or £5.8 a day. The spending trend was repeated in other categories of travellers.

June, July and August remained as might be expected—the busiest period for overseas visitors to the U.K. with 44 per cent. of visits; 12 per cent. came in the first quarter, 26 per cent. in the second and 17 per cent. in the third.

Twenty-one per cent. of these visitors came on an inclusive tour (a slight improvement) while

Inclusive tours

The proportion of British holiday visitors going abroad on an inclusive tour was much higher: 53 per cent.; a third chose to go on a package holiday to the sterling area and 57 per cent. to Western Europe.

Business visits accounted for 15 per cent. of overseas trips from the U.K. Some 15 per cent. went for holidays, 15 per cent. on visits to relatives and friends and less than one per cent. for study.

There were two significant factors in the pattern of countries visited by U.K. residents in 1970. Visits to the Irish Republic fell by 5 per cent., reflecting the adverse effect on Irish tourism of the disturbances in Northern Ireland. There was a large increase of inclusive tour visits to Austria and West Germany, however, partly as a result of the ceremonial performances at Oberammergau.

BELFAST, October 27

Ulster—democracy run riot

The People of Northern Ireland are now being offered a choice of no fewer than four Parliaments: Westminster, Stormont, Dungiven and Dail Uladh.

JOHN GRAHAM reports

IT CANNOT be very often that one month sees the creation of two separate parliaments to represent a people who already have two other parliaments to represent them, but this is what has happened in Northern Ireland this October. The politicians now offer the people a choice from no fewer than four parliaments: Westminster, Stormont, Dungiven and Dail Uladh. However, the Westminster Parliament may be with her reputation as Mother of Parliaments, I do not think the Government of Ireland Act envisaged the farrowing of so unruly a litter.

If October's newcomers were the work of cranks, or had arisen merely to satisfy a cultural craving for talk, they could be dismissed. But they are not. They do, of course, embrace some cranks and cranks, but they are also the work of men who have been living the edge of their political tolerance for some time, and who have been driven over it in the last two years. Unable to move the existing machine, they have seen no alternative but to go away and create their own.

The least formed and least important of the four is Dail Uladh, which means "Ulster parliament" in Irish; strictly speaking all that exists at the moment is a steering committee whose task is to set up the Dail. It is part of a plan of the political arm of the IRA Provisionals to set up a parliament in each of Ireland's four provinces: Ulster, Munster, Leinster and Connaught. The first meeting was in Monaghan on October 8—Monaghan is part of Ulster but not part of Northern Ireland—and the next meeting will be held there on Saturday. If the first meeting is anything to go by, the organisation of Dail Uladh, even by Irish standards, is more than usually informal. All its members are of course Republicans and Catholics.

Dungiven is a rather different matter. Officially this is the Assembly of the Northern Irish people, and it first met on Tuesday in the hall of Dungiven Castle in County Derry. The leaders of the Assembly are elected members of the Parliament at Stormont, and most of the other delegates are elected members of local authorities. There were about 100 people

present on Tuesday, and the business was serious and well organised.

The core of the Assembly's political position is anti-Unionism, and the first motion accordingly said: "Without prejudice to our ultimate objective of the peaceful reunification of Ireland, this Assembly formally declares its withdrawal from the present system of Government in Northern Ireland, affirms its determination to work for the attainment of equality of treatment for everyone in Northern Ireland irrespective of their political views or religious persuasion, and proposes to attain these ends by non-violent means." Although the Assembly is supposed to be non-sectarian, all its members are Catholics, too.

Not governed

The actual withdrawal from the present system of government occurred last summer, when John Hume, the Derry MP and leader of the Assembly, and his colleagues in the Social Democratic and Labour Party and the Nationalist Party walked out of Stormont. They have not returned, and they have been joined in their boycott by Catholic members of local authorities. They used to comprise the official Opposition at Stormont, but have now rejected the entire system. Their platform of anti-Unionism and reunification is obviously the precise opposite of the Unionist Party's. For the time being Dungiven is no more than a talking-shop,

but Mr. Hume warned that it may have to assume administrative powers since there are areas of the country, such as his own constituency, which are simply not being governed. Mr. Hume does not care whether what he and his company are doing is treason. He is trying to make the British Parliament see that the Stormont system is a total failure.

Meanwhile at Stormont the face of democracy is beginning to show a few wrinkles. Publicly the Government has paid no attention to the other assembly, but Mr. Faulkner did call a Press conference to announce two Government appointments at exactly the same hour as the opening at Dungiven. The processes of government are continuing, but with rather less conviction, and since it is Unionist rule and the Stormont system which are under attack, they bear examination.

The withdrawal of the Opposition and the increase in terrorism have not helped the Government's image. The public galleries at Stormont are closed, and before the Prime Minister's Press conference on Tuesday the journalists, even those well known at Stormont, were frisked for weapons. Although there are some dissident Unionist members sitting in Opposition in the Stormont House of Commons, the Government can take a Bill through all legislative stages in a matter of days, or even hours. As for the Unionist Parliamentary Party, it is beginning to resemble the Lichtenstein army: all generals and no privates. If you exclude the Speaker and

Deputy Speaker (who are supposed not to play political roles) and Mr. William Craig (who sits on the Opposition benches though he has not yet officially left the party), there are 30 Unionist MPs of whom 15 are Ministers or Parliamentary Secretaries. In other words, no less than half the Parliamentary party is in the Government.

This must be an attempt either to neutralise opposition from inside the party or to give people something to do, since the work of an Ulster MP does not call for amazing powers of endurance. Stormont has sessions similar to Westminster's, but when in session it meets only in the afternoon, and then only on Tuesdays, Wednesdays and Thursdays. Most days begin at 2.30 and end at about six.

To explain what the Government does, there is a large information service. Even if you don't count the clerical staff, and even if the Opposition returned to Stormont, there are more people in the information service than there are Opposition MPs. This might not be the case, of course, if the number of MPs were increased from the present 32 to the 80 or so recommended by the Government's Green Paper this week. For those interested in proportional representation, 80 MPs at Stormont is the equivalent of 2,500 in the Westminster House of Commons, although to be fair the Stormont machine does have to do much of what is done by local authorities in England.

Main complaint

Gilbertian though these statistics may be they are not the chief complaint against the Stormont system, which is that for 50 years one party and the same party has provided the parliamentary majority and the executive. There have been precisely two non-Unionist Cabinet Ministers in those 50 years, and one of them lasted only six months. The Government Green Paper admits that a parliamentary minority will accept the exercise of absolute power by another party if it knows that sooner or later its turn will come, and goes on to say: "Where that expectation does not exist there is clearly a risk of disenchantment

with the democratic parliamentary process."

The disenchantment is no longer a risk—it is a fact. Within the existing party set-up there is no possibility of the Catholics ever forming a government, and the introduction of interment has made it harder than ever for Catholics to join the Unionist Party or vote for Unionist candidates. The Green Paper goes so far as to admit that Northern Ireland has not developed the degree of stability and general acceptance that characterises the British democratic system. It even admits that the only truly democratic solution to the difficulties will be through the development of political parties firmly based in both religious communities.

This is impossible without so radical a transformation of the Unionist Party that it would need a different name. The Green Paper argues in favour of proportional representation in Stormont, but Mr. Faulkner is adamantly opposed to proportional representation in the executive, and it is hard to see how he could be anything else. A Cabinet representing all factions in Northern Ireland proportionately could not hold together till lunchtime.

This is now a problem for the fourth of the parliaments representing the people of Northern Ireland—Westminster. The British Government says it is following a dual policy of military victory and political reconciliation. Mr. Maudling wishes to give the Catholics a permanent, active and guaranteed role in Northern Ireland's public affairs. While they can clearly have a role through chairmanships of special Parliamentary Committees—which Mr. Faulkner has offered them as of right—they can hardly be guaranteed such a role in the executive under the present, or suggested, arrangements.

Yesterday, however, a Catholic was appointed to the Cabinet for the first time ever, in the hope of reconciling the two communities. One must hope that this will work, but I fear that Unionism and Stormont are inextricably connected now, especially in the minds of the minority.

Scrap O-level and CSE exams suggests Schools Council

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

ORDINARY-level examinations—the main "16-plus" exams in England and Wales—are recommended for the scrap heap in a report published by the Schools Council today.

The report, published by the Schools Council today, suggests that the O-level stage of the General Certificate of Education and the other, less well-known CSE test—the Certificate of Secondary Education—should be replaced by a new, single exam.

An idea of the relative "popularity" of the two existing exams is given by the 1969 entry figures—the latest to hand. Of around 20,000 schoolchildren tested at 16-plus, about 80 per cent. took the more academic O-level exams, 8 per cent. the more flexible CSE, and 12 per cent. took both, though not necessarily in the same subjects.

The replacement suggested in the report by the Schools Council would be more like CSE, especially in the sense that the "pass/fail" concept embodied in O-levels would be abandoned.

No records

Instead, there would be a grading system. The details of this will depend on consultations among interested parties, teachers, studies and such, like which will have to take place before the Schools Council can submit firm proposals for approval by the Education Minister.

An unofficial grading system already operates above the fail mark in O-levels. Also, the proposed exam would have a "pass/fail" concept embodied in O-levels would be abandoned.

Dissuasion

So any pupil who failed to gain classification in a subject should never have been entered for it in the first place. The working party apparently thinks that this logic would dissuade school-teachers from entering low-attainment children for examination in the hope that they would surpass their normal performance on exam-day.

Attainment

The new—as yet unnamed—exam will remain a test of attainment in specified subjects. There seems to be little chance of its being any better than the existing exams at predicting what a child is likely to be able to achieve later on.

Other indications of personality, for example, or of interests should be taken into account by people selecting candidates for higher education and by employers.

Miss Wood added that the Schools Council would like to have comments on the proposals from employers, though she would prefer if not all the comments came from personnel officers. The address to write to is: Examinations Officer, Room 200, Schools Council, 160 Great Portland Street, London WIN 6LL.

A Common System of Examinations at 16+ Schools Council Examinations Bulletin No. 23. Evans/Methuen Educational, 35p.

Shop window' display of Welsh goods next week

BY OUR OWN CORRESPONDENT

CARDIFF, Oct. 27.

"SHOP WINDOW" presentation and sales promotion of Welsh consumer goods, organised by the Development Corporation of Wales, is expected to draw many buyers to Cardiff next week. It is the first of its kind in Wales and will be staged in Wales and will be opened on Monday by Lord Mayors, chairman of the London Buying Houses Committee of a British National Export Council who is deputy chairman of Harrods and Director of the House of Fraser group.

The Corporation says the aim is to give buyers an opportunity of inspecting a comprehensive range of Made in Wales products under one roof. Forty-two companies are taking part showing goods ranging from indistinctly sober to furniture, leather goods, textiles, ceramics, toys, cycles and office equipment.

In recent years, the Development Corporation has been active in organising trade missions from Wales to North America, South Africa, Japan and the Far East. It is felt the presentation will maintain the impetus arising from these missions as well as from recent promotional efforts to the Midlands. It expects the presentation to give consumer goods manufacturers in Wales a first-class opportunity of expanding home and export markets.

CARSON PAINT KNOW-HOW FOR THE SUDAN

Carson/Hadfields, the paint manufacturing division of the Bechtel group, has signed a licensing agreement with a Sudanese company for the production of its decorative and industrial plants in the Sudan. Under the agreement, made with the Nile Paintworks Company, of Omdurman, near Khartoum, Carson/Hadfields is to provide technical, manufacturing and marketing advice.

Agreements are also being negotiated in a number of other Middle East and European countries.

Blanket cover for freight industry

Financial Times Reporter

NATIONAL Transit Insurance, a member of the Sun Alliance and London Insurance Group, has launched a blanket liability cover for the freight service industry.

A spokesman said the contract covered freight forwarders, road hauliers, Continental hauliers, warehousemen, packers, lighter-men, furniture removers and others, all of whom required separate policies in the past. The contract was all-embracing, except for the liability resulting from professional negligence. This particular liability could be arranged by underwriters specialising in negligence contracts, however.

The various requirements of both large and small forwarders had been entered for. The contract would also save time for companies that previously required special tailor-made policies, the spokesman added.

Russians block Oistrakh tour

THE RUSSIANS have stopped pianist David Oistrakh's tour of Britain in retaliation for the big spy purge.

Impresario Victor Hochhauser told yesterday he had received a letter from Moscow saying that Oistrakh's tour in November could not be taken because of the "extremely abnormal measures taken by the British Government towards the Soviet representatives in England."

Confident

Mr. Hochhauser added that he "confidently expects" concerts by Yehudi Menuhin will fly especially from Madrid to take Oistrakh's place at a Beethoven concert with the London Philharmonic Orchestra at the Royal Albert Hall, London on Sunday.

Judge orders cast to stay out of theatre

THE DIRECTOR and cast of a new musical were ordered yesterday to stay out of the Little Theatre Club in London's West End, where the show was to have opened on Tuesday.

Judge H. S. Ruttle ordered that the musical, written by Robin McGee, director of the company. But he and the cast were handed the injunctions taken out by the club owners, Jean Fritchard Management, who claimed the contract had expired.

The judge told Mr. McGee, who was not legally represented, he would give him until today to get his case prepared.

"This has got to be dealt with as a matter of urgency," he added.

£50,000 IN SCOTS EDUCATION TST.

The Scottish International Education Trust, formed earlier this year, said yesterday it had received nearly £50,000 in contributions with promises of further substantial support before the end of the year.



BEA Inter-Britain means many happy returns.

BEA Inter-Britain is Britain's own airline: comfortable and relaxing. And above all, in most cases it provides a "there and back in a day" service that no other form of transport can match. This means that you can fly from, say, London to Inverness, put in five hours' useful work and be home again in time to enjoy that little celebration dinner—or just put your feet up and take things easy. BEA Inter-Britain for many happy returns.

Some BEA Inter-Britain and Republic of Ireland services from London.				
Manchester 44 flights a week First departure 0745 Last return from Manchester 1940 Flying time approx. 45 mins. Return tourist fare £16-20	Dublin 33 flights a week First departure 0820 Last return from Dublin 2225 Flying time approx. 1 hour Return tourist fare £26-70	Edinburgh 44 flights a week First departure 0810 Last return from Edinburgh 2315 Flying time approx. 1 hr. 20 mins. Return tourist fare £23-10	Glasgow 68 flights a week First departure 0800 Last return from Glasgow 2000 Flying time approx. 1 hr. 10 mins. Return tourist fare £23-10	Aberdeen 12 flights a week First departure 0820 Last return from Aberdeen 1830 Flying time approx. 2 hours Return tourist fare £30-40

Schedules effective from Nov. 1st



WALL STREET + OVERSEAS MARKETS

Index down further 8.98 to below 840 Free credit supply

BY OUR WALL STREET CORRESPONDENT

FURTHER SHARP losses hit Wall Street today, and major stock market averages dropped below the 800 level for the first time since President Nixon announced his new economic policy on August 15.

The Dow Jones Industrial Average opened 3.41 down at 839.58 and further declined to 835.35 for an all-time low of 835.35, while the NYSE All-Common index gave way 54 cents to \$31.80. Declines outpaced advances by 1,119 to 317. Volume rose 90,000 shares to 13.48m.

The penetration by the Dow Jones Industrial Average below the 800 level was a disappointing guide line. Some observers were distressed that the list, after holding slightly above this level for most of the year, had rebounded. According to one analyst the list probably now will have to drop markedly before making a comeback.

The news background remained relatively unchanged. Investors were still cautious in the face of the unknown about the Administration's Phase Two economic policy.

After Oils dominated trading and turned in a mixed performance. Volume leader Amerasia-Hess closed unchanged at \$43.47, after rising to \$43.57. British Petroleum, another active issue, also ended unchanged at \$43.47.

Among Oils reporting higher third quarter profits, Standard of California dipped \$2 to \$44.10, while Gulf of Mexico gave way 54 cents to \$37.77.

In Blue Chips, Westinghouse fell \$2 to \$33.10, despite plans for a two-for-one stock split. Dupont lost \$1 to \$14.77. Allied Chemical shed \$1 to \$27.10. Johnson & Johnson fell \$1 to \$41.10. Owens-Illinois declined \$1 to \$46.10.

Glamour issues generally closed on the downside. Corning Glass dropped \$1 to \$17.10. IBM fell \$2 to \$297. Xerox gave way \$1 to \$111.10. Levi's Furniture declined \$2 to \$107.10. Honeywell gave way \$1 to \$107.10. Disney slipped \$1 to \$107.10. Ford and Polard closed up \$1 to \$90.10.

Steel stocks retreated, following reports from major producers that third quarter earnings were low or in the red column. U.S. Steel dipped \$1 to \$27.10, while Republic Steel and Electric Steel each had small gains.

A stock near sold for \$175,000, down \$10,000 compared with a sale yesterday. Current price \$155,000-\$195,000.

Prices dipped sharply on the American SE, when the index dropped 24 points to 24.49. Declines led advances seven-to-two in a volume of 3.6m. (3.05m) shares.

On the active list, Champion

OTHER MARKETS

Canada continues to decline

Canadian Stock Markets continued to decline in light trading yesterday morning, when all sectors participated in the downward movement.

Western Oils dipped 2.10 on index. Golds lost 2.10. Banks important \$40 support level was a disappointing guide line. Some observers were distressed that the list, after holding slightly above this level for most of the year, had rebounded. According to one analyst the list probably now will have to drop markedly before making a comeback.

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Among Oils reporting higher third quarter profits, Standard of California dipped \$2 to \$44.10, while Gulf of Mexico gave way 54 cents to \$37.77.

In Blue Chips, Westinghouse fell \$2 to \$33.10, despite plans for a two-for-one stock split. Dupont lost \$1 to \$14.77. Allied Chemical shed \$1 to \$27.10. Johnson & Johnson fell \$1 to \$41.10. Owens-Illinois declined \$1 to \$46.10.

Glamour issues generally closed on the downside. Corning Glass dropped \$1 to \$17.10. IBM fell \$2 to \$297. Xerox gave way \$1 to \$111.10. Levi's Furniture declined \$2 to \$107.10. Honeywell gave way \$1 to \$107.10. Disney slipped \$1 to \$107.10. Ford and Polard closed up \$1 to \$90.10.

Steel stocks retreated, following reports from major producers that third quarter earnings were low or in the red column. U.S. Steel dipped \$1 to \$27.10, while Republic Steel and Electric Steel each had small gains.

A stock near sold for \$175,000, down \$10,000 compared with a sale yesterday. Current price \$155,000-\$195,000.

Prices dipped sharply on the American SE, when the index dropped 24 points to 24.49. Declines led advances seven-to-two in a volume of 3.6m. (3.05m) shares.

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STANDARD AND POORS U.S. STOCK INDICES

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FOREIGN EXCHANGES

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F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and the Faculty of Actuaries in Edinburgh

EQUITY GROUPS		Wednesday, Oct. 27, 1971					Thurs. Oct. 28		Fri. Oct. 29		Sat. Oct. 30		Sun. Oct. 31		Year ago (approx)		Rights and Lower Index				
GROUPS & SUB-SECTIONS		Index No.		Change %		Div. yield %		Index No.		Index No.		Index No.		Index No.		Index No.		1971		Since completion	
Index No.		Div. yield %		Earnings Price Ratio		Div. yield %		Index No.		Index No.		Index No.		Index No.		Index No.		High		Low	
CAPITAL GOODS GROUP (184)		158.38	+1.5	6.02	18.80	3.79	126.09	156.05	157.02	157.89	128.09	162.00	103.05	181.80	82.37	162.00	103.05	181.80	82.37	162.00	103.05
Aircraft and Components (3)		158.43	+3.8	8.00	12.42	4.71	128.35	128.59	128.20	116.18	108.43	132.43	66.40	280.12	68.44	132.43	66.40	280.12	68.44	132.43	66.40
Building Materials (28)		155.97	+1.3	4.76	21.01	3.30	153.83	155.70	153.96	164.63	106.02	127.05	61.40	225.98	61.40	127.05	61.40	225.98	61.40	127.05	61.40
Contracting and Construction (20)		269.40	+0.7	8.19	19.28	8.28	267.62	268.20	270.45	273.39	196.09	141.00	61.21	209.96	61.21	141.00	61.21	209.96	61.21	141.00	61.21
Electric. (ex. Electr. Rad. & TV) (13)		272.23	+2.8	5.50	19.24	3.05	264.88	264.84	266.69	271.08	225.67	286.25	174.52	335.11	84.71	286.25	174.52	335.11	84.71	286.25	174.52
Engineering (78)		129.09	+1.0	5.82	14.66	4.51	128.55	128.55	129.56	139.61	125.63	109.00	61.21	174.52	61.21	109.00	61.21	174.52	61.21	109.00	61.21
Machine Tools (15)		62.87	+1.4	7.72	12.95	6.39	61.81	61.87	63.00	63.68	64.83	62.87	61.21	174.52	61.21	61.21	61.21	174.52	61.21	61.21	61.21
Miscellaneous (25)		153.46	+1.6	7.56	13.33	4.26	151.31	151.65	152.07	152.95	119.43	156.30	94.16	244.27	69.01	156.30	94.16	244.27	69.01	156.30	94.16
CONSUMER GOODS (DURABLE) GROUP (56)		176.87	+1.7	4.28	28.37	2.93	175.69	176.08	177.21	178.32	142.26	188.09	112.33	197.87	79.16	188.09	112.33	197.87	79.16	188.09	112.33
Electronics, Radio and TV (14)		198.01	+1.8	4.04	24.74	2.40	197.79	198.74	182.66	183.64	157.79	199.14	125.51	198.85	61.18	199.14	125.51	198.85	61.18	199.14	125.51
Household Goods (15)		303.98	+0.8	5.78	17.37	3.27	302.88	302.19	303.90	325.12	134.18	307.29	112.33	207.82	61.18	307.29	112.33	207.82	61.18	307.29	112.33
Motors and Distributors (27)		128.56	+1.9	4.11	24.36	3.43	123.37	123.20	123.29	124.24	95.56	124.24	61.21	174.52	61.21	124.24	61.21	174.52	61.21	124.24	61.21
CONSUMER GOODS (NON-DURABLE) GROUP (175)		162.23	+1.5	5.54	18.06	3.74	160.74	160.16	161.40	161.71	136.38	172.87	118.17	173.37	83.71	172.87	118.17	173.37	83.71	172.87	118.17
Breweries (21)		162.70	+2.4	6.50	18.18	3.52	178.45	177.43	179.78	180.04	133.28	202.23	132.30	308.87	61.18	202.23	132.30	308.87	61.18	202.23	132.30
Wines and Spirits (7)		163.70	+3.0	6.37	15.69	4.28	161.54	159.70	163.18	161.28	142.96	196.06	142.41	198.05	118.76	196.06	142.41	198.05	118.76	196.06	142.41
Entertainment and Catering (15)		232.58	+0.5	5.58	17.91	3.14	231.34	233.35	238.88	238.71	108.58	232.58	61.21	174.52	61.21	232.58	61.21	174.52	61.21	232.58	61.21
Food Manufacturing (24)		241.94	—	5.67	17.68	3.83	241.94	241.66	242.16	242.84	111.77	242.16	61.21	174.52	61.21	242.16	61.21	174.52	61.21	242.16	61.21
Food Retailing (17)		268.20	+1.0	5.14	19.44	3.25	264.67	265.28	265.64	266.32	104.27	265.64	61.21	174.52	61.21	265.64	61.21	174.52	61.21	265.64	61.21
Newspapers and Publishing (15)		162.35	+0.2	6.69	17.67	4.61	161.93	161.17	160.06	161.30	116.28	155.52	101.56	194.86	81.74	155.52	101.56	194.86	81.74	155.52	101.56
Packaging and Paper (16)		158.81	+2.1	6.71	14.00	4.23	116.66	115.18	112.34	112.58	110.54	162.35	61.21	174.52	61.21	162.35	61.21	174.52	61.21	162.35	61.21
Stores (30)		116.03	+1.7	4.35	33.01	3.02	154.34	153.93	154.19	154.88	111.21	154.19	61.21	174.52	61.21	154.19	61.21	174.52	61.21	154.19	61.21
Textiles (21)		172.86	+2.4	6.09	16.41	5.18	168.85	168.28	169.57	169.07	147.08	169.57	61.21	174.52	61.21	169.57	61.21	174.52	61.21	169.57	61.21
Tobacco (3)		214.85	+1.9	10.17	9.85	11.10	210.55	209.50	211.26	212.11	205.31	214.85	61.21	174.52	61.21	214.85	61.21	174.52	61.21	214.85	61.21
Toys and Games (6)		83.82	+1.5	4.74	135.18	2.77	82.16	82.15	83.15	83.64	53.66	83.15	61.21	174.52	61.21	83.15	61.21	174.52	61.21	83.15	61.21
OTHER GROUPS																					
Chemicals (19)		181.88	+1.4	5.45	18.38	3.61	179.56	177.99	180.76	180.99	149.50	200.89	128.18	201.92	83.29	200.89	128.18	201.92	83.29	200.89	128.18
Office Equipment (10)		175.33	—0.7	3.79	38.36	1.72	174.56	175.93	176.78	176.44	147.80	175.33	61.21	174.52	61.21	175.33	61.21	174.52	61.21	175.33	61.21
Shipping (10)		337.16	+0.9	8.13	12.20	5.05	324.08	325.20	323.23	322.56	319.75	337.16	61.21	174.52	61.21	337.16	61.21	174.52	61.21	337.16	61.21
Miscellaneous (unclassified) (44)		156.79	+1.4	5.48	18.35	5.53	158.09	152.37	152.70	155.62	141.81	157.62	128.55	197.62	72.53	157.62	128.55	197.62	72.53	157.62	128.55
INDUSTRIAL GROUP (498 SHARES)		159.13	+1.4	5.50	18.18	3.60	156.74	156.31	157.17	167.98	—	176.51	125.31	176.51	72.53	176.51	125.31	176.51	72.53	176.51	125.31
Oil (2)		334.78	+0.7	6.06	16.50	3.97	322.63	319.35	324.47	327.48	292.18	363.50	260.74	431.66	87.23	363.50	260.74	431.66	87.23	363.50	260.74
500 SHARE INDEX		182.42	+1.3	5.58	17.91	3.54	180.65	179.38	180.97	181.59	147.45	190.55	139.46	192.73	84.26	190.55	139.46	192.73	84.26	190.55	139.46
FINANCIAL GROUP (121)		169.85	+1.3	—	—	2.87	167.48	166.78	168.63	169.91	122.25	178.49	119.73	178.49	69.28	178.49	119.73	178.49	69.28	178.49	119.73
Banks (6)		170.12	+1.7	8.11	12.83	2.99	167.33	163.85	166.73	168.94	105.85	189.94	101.66	189.94	69.25	189.94	101.66	189.94	69.25	189.94	101.66
Discount Houses (6)		200.15	—0.5	—	—	3.95	200.77	198.91	199.18	199.78	131.76	201.95	130.78	201.95	67.55	201.95	130.78	201.95	67.55	201.95	130.78
Hire Purchase (6)		279.47	—	4.55	21.96	2.71	279.37	282.61	286.06	289.57	107.98	286.06	61.21	174.52	61.21	286.06	61.21	174.52	61.21	286.06	61.21
Insurance (Life) (9)		161.73	+2.3	—	—	3.00	148.96	146.46	147.80	148.50	136.54	170.47	125.16	170.47	61.21	170.47	125.16	170.47	61.21	170.47	125.16
Insurance (Composite) (9)		123.66	+1.3	—	—	1.35	121.07	120.31	123.58	126.10	88.61	140.87	89.50	140.87	54.40	140.87	89.50	140.87	54.40	140.87	89.50
Insurance (Brokers) (11)		175.45	+0.7	5.09	19.66	2.65	178.26	171.39	173.92	173.17	140.03	173.92	61.21	174.52	61.21	173.92	61.21	174.52	61.21	173.92	61.21
Investment Trusts (20)		184.88	+0.8	3.06	32.70	2.88	183.20	185.14	185.89	186.98	163.37	202.35	124.16	215.04	80.94	202.35	124.16	215.04	80.94	202.35	124.16
Merchant Banks, Issuing Houses (14)		173.64	+0.9	—	—	2.32	174.08	173.51	175.59	174.00	130.17	187.54	103.44	187.54	50.47	187.54	103.44	187.54	50.47	187.54	103.44
Property (31)		280.34	+0.6	2.76	36.25	2.25	219.08	218.77	218.31	219.18	159.99	218.77	61.21	174.52	61.21	218.77	61.21	174.52	61.21	218.77	61.21
Miscellaneous (9)		191.15	+1.7	5.59	18.57	4.01	187.98	188.50	189.58	190.89	—	193.76	120.73	193.76	120.06	193.76	120.73	193.76	120.06	193.76	120.73
ALL-SHARE INDEX (821 SHARES)		179.12	+1.5	—	—	3.46	176.82	176.15	177.77	178.59	141.15	187.82	129.47	187.82	83.72	187.82	129.47	187.82	83.72	187.82	129.47
COMMODITY SHARE GROUPS (Not included in the 500 or All-Share indices)																					
Rubbers (10)		249.16	+2.3	9.57	10.43	7.31	243.60	244.72	246.11	250.19	148.52	257.50	165.58	257.50	84.88	257.50	165.58	257.50	84.88	257.50	165.58
Teas (10)		102.79	+0.2	16.26	6.15	8.71	102.65	101.40	101.03	100.71	80.33	102.79	78.71	114.68	69.60	102.79	78.71	114.68	69.60	102.79	78.71
Coppers (4)		242.87	—0.2	73.87	1.36	30.40	242.67	239.39	247.90	247.90	242.94	242.87	61.21	174.52	61.21	242.87	61.21	174.52	61.21	242.87	61.21
Mining Finance (11)		74.95	+1.1	6.87	14.25	4.35	73.38	74.89	76.72	76.32	125.20	106.79	72.39	151.00	73.39	106.79	72.39	151.00	73.39	106.79	72.39
Tins (8)		78.16	+2.3	10.80	9.28	8.32	72.37	72.39	73.61	72.75	67.04	74.77	61.21	174.52	61.21	74.77	61.21	174.52	61.21	74.77	61.21
FIXED INTEREST																					
Index No.																					
Consols 2½ yield		—	8.66	8.59	8.59	8.58	—	8.58	8.58	8.57	9.49	—	—	—	—	—	—	—	—	—	—
20-yr. Govt. Stocks (6)		86.89	7.48	85.98	86.14	85.75	85.99	86.85	86.04	73.02	95.57	70.60	115.48	69.43	95.57	70.60	115.48	69.43	95.57	70.60	115.48
20-yr. Red. Debentures & Loans (15)		79.44	19.34	79.65	79.71	79.75	79.83	79.88	79.69	79.70	72.02	79.83	66.42	113.43	66.42	79.83	66.42	113.43	66.42	79.83	66.42
Investment Trusts Prefrs. (15)		78.78	9.39	78.78	78.78	78.78	78.78	78.78	78.78	78.49	78.08	78.78	69.25	114.41	69.25	78.78	69.25	114.41			

F.T. SHARE INFORMATION SERVICE

ENGINEERING AND METAL—Gen. Cont.

HOTELS AND CATERERS—Continued

1971 Stock Closing + or - Div. Yr. High Low

1971	Stock	Closing	+ or -	Div.	Yr.	High	Low
100	100	100	0	0	100	100	100
101	101	101	0	0	101	101	101
102	102	102	0	0	102	102	102
103	103	103	0	0	103	103	103
104	104	104	0	0	104	104	104
105	105	105	0	0	105	105	105
106	106	106	0	0	106	106	106
107	107	107	0	0	107	107	107
108	108	108	0	0	108	108	108
109	109	109	0	0	109	109	109
110	110	110	0	0	110	110	110
111	111	111	0	0	111	111	111
112	112	112	0	0	112	112	112
113	113	113	0	0	113	113	113
114	114	114	0	0	114	114	114
115	115	115	0	0	115	115	115
116	116	116	0	0	116	116	116
117	117	117	0	0	117	117	117
118	118	118	0	0	118	118	118
119	119	119	0	0	119	119	119
120	120	120	0	0	120	120	120
121	121	121	0	0	121	121	121
122	122	122	0	0	122	122	122
123	123	123	0	0	123	123	123
124	124	124	0	0	124	124	124
125	125	125	0	0	125	125	125
126	126	126	0	0	126	126	126
127	127	127	0	0	127	127	127
128	128	128	0	0	128	128	128
129	129	129	0	0	129	129	129
130	130	130	0	0	130	130	130
131	131	131	0	0	131	131	131
132	132	132	0	0	132	132	132
133	133	133	0	0	133	133	133
134	134	134	0	0	134	134	134
135	135	135	0	0	135	135	135
136	136	136	0	0	136	136	136
137	137	137	0	0	137	137	137
138	138	138	0	0	138	138	138
139	139	139	0	0	139	139	139
140	140	140	0	0	140	140	140
141	141	141	0	0	141	141	141
142	142	142	0	0	142	142	142
143	143	143	0	0	143	143	143
144	144	144	0	0	144	144	144
145	145	145	0	0	145	145	145
146	146	146	0	0	146	146	146
147	147	147	0	0	147	147	147
148	148	148	0	0	148	148	148
149	149	149	0	0	149	149	149
150	150	150	0	0	150	150	150
151	151	151	0	0	151	151	151
152	152	152	0	0	152	152	152
153	153	153	0	0	153	153	153
154	154	154	0	0	154	154	154
155	155	155	0	0	155	155	155
156	156	156	0	0	156	156	156
157	157	157	0	0	157	157	157
158	158	158	0	0	158	158	158
159	159	159	0	0	159	159	159
160	160	160	0	0	160	160	160
161	161	161	0	0	161	161	161
162	162	162	0	0	162	162	162
163	163	163	0	0	163	163	163
164	164	164	0	0	164	164	164
165	165	165	0	0	165	165	165
166	166	166	0	0	166	166	166
167	167	167	0	0	167	167	167
168	168	168	0	0	168	168	168
169	169	169	0	0	169	169	169
170	170	170	0	0	170	170	170
171	171	171	0	0	171	171	171
172	172	172	0	0	172	172	172
173	173	173	0	0	173	173	173
174	174	174	0	0	174	174	174
175	175	175	0	0	175	175	175
176	176	176	0	0	176	176	176
177	177	177	0	0	177	177	177
178	178	178	0	0	178	178	178
179	179	179	0	0	179	179	179
180	180	180	0	0	180	180	180
181	181	181	0	0	181	181	181
182	182	182	0	0	182	182	182
183	183	183	0	0	183	183	183
184	184	184	0	0	184	184	184
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Index rose 6.9 to 4128

THE LEX COLUMN

The growth projections for Debenhams

A 10 per cent. rise in sales to £66.6m. and a 19 per cent. rise in profits on a comparable basis to £2.08 pre-tax in Debenhams' relatively unimportant first half to mid-August disappointed the market a bit and left the shares up off at 226p against a bullish background. The sales performance is in fact a couple of points better than the department store average for the period and the profit gain is roughly in line with the more sober estimates.

The result in any case confirms that the group's store closures, its tightening up on staff and its continuing improvement in the stock turn are still helping profits margins, and though the purchase tax reductions only prompted selective price cuts from Debenhams, they still depressed first-half profits by about £100,000. In the second half, in turn, the group should have more going for it in market conditions, with the main benefits from consumer durable buoyancy yet to be in. A generally higher rate of increase in department store volume than the 1 per cent. or

so to date this year, and a good autumn for fashion. All this suggests that a profit increase of a fifth (to £2.5m.) could be a confident projection for the year, taking earnings to 13p against 10.6p and the prospective p/e to 17. This is very fair on the assumption of a continuing high inflation rate, for Debenhams' low net cash flow (£2m. to £3m.) seems to pre-empt high volume growth projections. See also Page 27

BSA

The BSA preliminary results are dreadful. Although trading losses of £26m. are a little under the £3m. overshadowed, below the line write-offs are normally £2.15m., rather than £1m., before the £650,000 capital profit on selling the Redditch factory. Moreover the new provision arising from the latest emergency measures is a massive £4.25m. In so far as a net worth figure is relevant—for BSA has already hinted that the residual for equity shareholders from a liquidation would be nil—the latest balance

sheet gives assets of 77p a share, against 135p a year ago. Meanwhile the group still has to find £2.9m. of the £5m. extra working capital requirement disclosed three weeks ago. There is nothing to give any cheer to the prospective p/e to 17, where the market capitalisation is £3.3m. See also Page 28

Butlin's

Butlin's will make lower profits this year, and the blame is being laid fairly and squarely on the postal strike: ahead of the stoppage bookings were 16 per cent. better than for the same period in 1970 but the group effectively lost its peak selling season—in which 30 per cent. of bookings are normally received. In the event, volume was some 2 per cent. down, with a 10 per cent. gain in on-site customer spending being offset by a swing towards the cheaper self-service tariff. Overall revenue will work out hardly better than the £17.7m. of 1970. Since outgoings were geared to higher volume and higher service, and could not be significantly cut back (SET was

a fortuitous exception, however) earnings will be down. How much down is a moot point. Butlin's was expecting around £20,000 bookings against an actual £50,000 or so) and thus revenue must have been at least £1m. under budget this season. Some of that will come off the budgeted profits rise, rather than 1970's £3.5m. pre-tax, but even so £3m. looks a maximum figure this time.

The question for the share price, looking beyond a prospective minimum p/e of 10 at 17 to the projected 1972 recovery is whether the strike argument is the whole story—after all, Pontin's will be up for the 1971 season regardless. With 70 per cent. of capacity still in the vulnerable traditional sector, the Butlin camps have an obsolescence problem and the group lacks the cash flow to undertake a major change of direction. See also Page 28

Gallaher

Quarter by quarter this year, Gallaher has become visibly less apprehensive about the outcome.

Six months ago it was a same-again profits forecast for 1971, in July it was "only slightly" higher, and "to-day's" third quarter progress report has upgraded that to "rather better." The third quarter is only marginally higher at 18m. pre-tax against 15.5m. but it would have taken a positive decline in both third and fourth quarters to trim back the £2m. gain to £10.5m. in the first six months; and that decline, now, seems unlikely to happen.

Gallaher gives a lot of the credit to its non-tobacco interests where Mono Pumps had slipped in the Hughes and Metering acquisitions and where Doldol and Aitchison (ex Slater Walker, in optical retailing) has apparently thrived on Gallaher's view of a commercial approach. In cigarettes, Gallaher has probably come back a little, from something like 25.3 to 25 per cent. of the market but it has been putting on market share at the premium end of the filter market where the better margins are. In the round, then, it could stand a marginal decline in the final

quarter and come out with profits up £2m. from last year's £18.4m., earnings of 16.5p a share and a p/e of only 7.7 at 125p. See also Page 27

Int. Timber

Including 15 months from Horsley Smith, International Timber's £1.88m. before convertible loan interest and tax compares well with a combined £1.4m. in 1969-70. Since the extra three months from the acquisition could not have made much difference, and the previous year's £200,000 softwood losses were heavier in the second half, there is no obvious improving trend. Yet merger benefits start to flow this year, and the constituents' stock turn does look to have been worse than the industry majors' average. Considering the extent to which timber merchants are bank financed, and that the savings on import deposits should be upwards of £100,000, a fully diluted p/e of roughly 14 at 147p should be reasonable enough at this stage of the cycle. See also Page 27

Weather

U.K. TO-DAY

A large anticyclone will cover the British Isles and much of Western Europe. Most districts will continue dry, and there will be long sunny periods after the clearance of early fog patches. In Ireland and parts of W. Scotland, however, may be rather cloudy at times. Though some inland areas will have slight frost at first, most places will become rather dry by afternoon.

London: E. Anglia: S.E.; Cent. S. and E. Anglia; E. Midlands: S. Wales; Dry with long sunny periods. Some mist patches at first. Wind S.E. light or moderate. Max. 15C (59F).
W. Midlands: N. Wales; Lakes: N.W. and Cent. N. England: Dry with long sunny periods. Some mist patches at first. Wind S.E. light or moderate. Max. 15C (59F).
Channel Is.: S.W. England: Mostly sunny, but cloudy in places at first. Wind E. to S.E. moderate. Max. 14C (57F).
Isle of Man: Dry with sunny spells. Wind S.E. moderate. Max. 13C (55F).
N.E. England: Borders: E. and S.W. Scotland: Edinburgh: Glasgow: Dry with sunny periods. A few fog patches at first. Wind S.E. light or moderate. Max. 13C (55F).
Catholics: Orkney: Shetland: Dry with sunny spells. Wind S. moderate. Max. 12C (54F).
Aberdeen: Dundee: Perth: Dry with sunny periods. Wind S. to S.E. moderate or fresh. Max. 13C (55F).
Outlook: Little change.
Lighting: London 18.12; Glasgow 18.17; Belfast 18.27.

BUSINESS CENTRES			
City	Mid-day	Y-day	Mid-day
Amsterdam	11.30	11.30	11.30
Bahran	11.30	11.30	11.30
Bombay	11.30	11.30	11.30
Buenos Aires	11.30	11.30	11.30
Calcutta	11.30	11.30	11.30
Canton	11.30	11.30	11.30
Cebu	11.30	11.30	11.30
Hankow	11.30	11.30	11.30
Hong Kong	11.30	11.30	11.30
Kobe	11.30	11.30	11.30
London	11.30	11.30	11.30
Lyons	11.30	11.30	11.30
Manila	11.30	11.30	11.30
Medan	11.30	11.30	11.30
Osaka	11.30	11.30	11.30
Paris	11.30	11.30	11.30
Perth	11.30	11.30	11.30
Rangoon	11.30	11.30	11.30
San Francisco	11.30	11.30	11.30
Singapore	11.30	11.30	11.30
Sourabaya	11.30	11.30	11.30
Tokyo	11.30	11.30	11.30
Yokohama	11.30	11.30	11.30

HOLIDAY RESORTS			
City	Mid-day	Y-day	Mid-day
Alicante	11.30	11.30	11.30
Barcelona	11.30	11.30	11.30
Bilbao	11.30	11.30	11.30
Bordeaux	11.30	11.30	11.30
Breton	11.30	11.30	11.30
Buenos Aires	11.30	11.30	11.30
Calcutta	11.30	11.30	11.30
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Osaka	11.30	11.30	11.30
Paris	11.30	11.30	11.30
Perth	11.30	11.30	11.30
Rangoon	11.30	11.30	11.30
San Francisco	11.30	11.30	11.30
Singapore	11.30	11.30	11.30
Sourabaya	11.30	11.30	11.30
Tokyo	11.30	11.30	11.30
Yokohama	11.30	11.30	11.30

Rolls signs Pegasus pact with Pratt and Whitney

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE (1971) and Pratt and Whitney of the U.S. have signed an agreement covering the joint development of advanced versions of the Rolls-Royce Pegasus jet engine for use in the U.K. and U.S. armed services.

In addition, Pratt and Whitney has been given an option to make the Pegasus under licence in the U.S. This deal, announced jointly yesterday, is one of the most significant international engine licence deals yet formulated. The Pegasus is the "vector thrust" or "swivelling nozzle" engine used in the Hawker Siddeley Harrier vertical take-off fighter now being built for both the RAF and the U.S. Marine Corps.

Ratification

The statement from Rolls-Royce (1971) yesterday said the agreement was still subject to the ratification of both the U.S. and U.K. Governments. Pratt and Whitney "will be provided with background information acquired by Rolls-Royce during development of the Pegasus engine, and will be responsible for support of Pegasus engines in service in the U.S."

Pratt and Whitney Division of United Aircraft Corporation is one of the two U.S. engine "giants," the other being General Electric. Pratt and Whitney has already had licence agreements with Rolls-Royce, covering early jet engines such as the Nene and Tay, known in the U.S. as the Pratt and Whitney J-42 and J-48, of which over 7,000 were built. The Pegasus engine now involved was originally developed with a U.S. Government finance

cial contribution under Mutual Weapons Development Funds. Hawker Siddeley Aviation already has arrangements with the U.S. McDonnell Douglas Corporation of St. Louis, Missouri, whereby that company could manufacture the Harrier jump-jet aircraft in the U.S. if that should become necessary.

Thus, the stage is now being set for the possible eventual production of the entire Harrier "package"—airframe and engine—in the U.S.

Currently, the U.S. Marine Corps has plans to buy a total of 114 Harriers. Of these, it has a firm order for 30, which are in process of manufacture and delivery, and has authorised purchase of long-dated materials for another 30.

So far, these aircraft are being built in the U.S. and despite current Congressional insistence that the balance of the 114 ought to be built in the U.S., it is likely that they will in fact be built in the U.K.

This is because it would now probably be much too expensive to tool up a production line for the balance of 84 aircraft out of the 114 planned for the Marine Corps, as well as substantially delaying the introduction of the rest of the aircraft into Marine Corps service.

But the most significant aspect of the deal is the U.S. engine giant's role in the development of the Pegasus engine, which is the main procurement agency for the U.S. Marine Corps. The U.S. Navy itself is becoming increasingly interested in the Harrier, and especially in the possibilities of an advanced version of the Pegasus engine (giving 24,000 lbs of thrust against the Pegasus 11 of 21,500 lbs thrust).

This would give the U.S. Navy an aircraft of wider operational flexibility than that for the Marine Corps.

It is thought increasingly likely, therefore, that the U.S. Navy may buy directly from Hawker Siddeley one or two present-type Harriers for its own evaluation purposes.

If it then decided it wanted more, it would almost certainly have to have the Harrier licence—both engines and airframes—in the U.S. in order to overcome the recently-expressed Congressional Opposition to having military aircraft bought from overseas.

The deal with Pratt and Whitney, therefore, can be interpreted at least in one sense as a means of ensuring that there are licence manufacturing facilities available in the U.S. on the Pegasus engine as well as the Harrier aircraft to encourage the U.S. Navy in its interest in that aircraft.

Significant

The licence deal with Pratt and Whitney is significant in two other ways. It reflects the desire of Rolls-Royce (1971) to be fully commercial, by making as much money as it can from its engines. Licence deals can bring in substantial sums over the years.

Secondly, it reflects the interest of one of the big U.S. engine giants in a type of engine—the vertical-take-off engine—that has been much neglected in the U.S. in recent years. It is widely accepted that the development of the Pegasus engine has given the U.S. several years' lead in vertical take-off fighters and VTOL concepts generally.

Grand Met. offering £20m. of 8½% stock

S. G. WARBURG and Co. has arranged in hand for an offer for sale of £20m. 8½ per cent. Unsecured Loan stock 1980 in Grand Metropolitan Hotels at 250p per cent. Brokers are Panmure Gordon and Co. It is understood that this is the first offer for sale by a British company of a medium-sized loan stock. Holders of the Grand Metropolitan equity and most of the outstanding stocks will receive preferential treatment.

At the offer price the running yield is 8.59 per cent., while the yield to redemption is 8.67 per cent. Proceeds of the issue will be used to reduce the bank borrowings.

Full details are expected to be published on Saturday.

Warning on London dock threat

LONDON port employers, who are offering more than £1m. in voluntary severance payments to nearly 800 dock workers, were warned yesterday that the row over surplus labour would close the docks on Monday.

The threat of a strike came from the tally clerks' officers of both the Transport and General Workers' Union and the National Amalgamated Stevedores and Dockers.

They are protesting against a decision by the London Dock Labour Board that 51 tally clerks, who check cargo on to and off ships, could be returned to the unattached register by two employers.

In both cases the men have entered appeals against the decision but the dock unions want an undertaking from the employers that no one will be returned to the register until the effect of the voluntary severance offer has been assessed.

The decisions of the PLEC are binding on both sides but, if they fail to reach agreement, the dispute is passed on to the National Joint Council for the port industry.

First Catholic in Ulster Cabinet

BY JOHN GRAHAM

ON A DAY when two more British soldiers were killed by a terrorist bomb, bringing the total to 30 this year, Mr. Brian Faulkner, the Northern Ireland Premier, set an historic precedent by appointing a Roman Catholic to the Cabinet.

The new Cabinet Minister is Dr. G. B. Newe, a prominent figure in the Catholic Church and well known as secretary of the Belfast Council of Social Welfare. He is not a member of any political party and does not expect to become one.

Mr. Faulkner has asked him to "establish and maintain contact with the various elements of the Catholic population," and wants it to be clearly seen that the point of view of the religious minority "is adequately taken into account by the Government."

Dr. Newe, who is 64, will be Minister of State at the department of the Prime Minister. He is the first Catholic ever to be in a Northern Ireland Cabinet.

The need for this attempt to reconcile the two communities was dramatised by today's violence. The two soldiers were members of the Royal Artillery, and were killed instantly when a bomb was thrown at their post in Londonderry. One of them was only 18.

Another soldier, a Royal Marine, is very seriously injured after being shot in an ambush in Belfast late last night. Other soldiers were wounded in various clashes.

The second tactic adopted by the IRA, at least according to the British Army, is the use of young people. Soldiers in a Land-Rover were ambushed today by two boys said to be aged about 13 or 14. The boys fired at them with machine guns but their aim was bad; the soldiers did not fire back.

One of the soldiers, a member of the Scots Guards, said he was almost when he saw who was shooting at him. He added that since it was his life they were trying to get, he would shoot back in similar situations.

Major Johnson, commanding officer of the 1st Battalion Scots Guards, continued that soldiers would fire back and fire to kill, regardless of age. "If they are boys, they will be shot," he said. With the situation becoming daily worse in terms of open shooting engagements, it is difficult to see how the various communities can be achieved.

Dr. Newe said he had not accepted Mr. Faulkner's invitation without satisfying himself that his appointment "is intended to be very much more than a token or symbol."

However, the charge of tokenism is certain to be raised, especially as Dr. Newe said: "I recognise that I have no mandate from anybody, and certainly will not claim to speak for the Catholic community."

A democracy run riot Page 37

Allied chief sends another letter to THF chairman

BY KENNETH GOODING

ALLIED BREWERIES is still keen on a possible merger with Trust Houses Forte if the right terms can be worked out. This became clear last night when Allied revealed another personal letter had been sent by its chairman Mr. Joe Thorley to Lord Crowthier, chairman of THF.

The letter was not sent out until about 5.30 last night and to give Lord Crowthier time to discuss it with the other THF directors. Allied's advisers N. M. Rothchild will not be releasing the text until to-day.

It can safely be assumed, however, that the letter does not contain any suggestion of possible bid terms. If Allied had made up its mind on these terms, it would be unlikely to have waited until the overnight level. Information overnight and chance a possible "leak" early this morning.

The Allied Board meeting, at which the situation was discussed, lasted from 11 a.m. to 2.30 p.m. with just a short break for lunch yesterday.

While it was going on the THF share price fell 10p to 145p, wiping nearly £3m. off the market value of the group, as the rumours that Allied might quietly leave the scene gained ground.

Buyers came in later — the shares were the most active on the market yesterday — and the price rose to 150p, but fell back to 145p on the overnight level.

The Allied's Ordinary and Deferred Ordinary shares showed some strength yesterday and there were suggestions that this could indicate they were finding support in front of a bid.

It was also being pointed out in the stock market that, with the Ordinary up 5p at 110p and the Deferred up 8p at 110p, the differential between the two stocks had narrowed considerably.

If opposition is as determined as seems likely now the Government might be forced to introduce week after week of all-night sittings in order to get the legislation through. The Government will be in considerable difficulty if the delay is too great, as the necessary statutory instruments bringing British institutions and regulations in line with the Treaty of Rome are dependent on the Bill.

Continued from Page 1

Market vote awaited

the decision to oppose entry into the Common Market by calling on the whole party to campaign for a general election. Surprisingly, Mr. James Callaghan and Mr. Denis Healey voted with the pro-Market minority.

But Mr. Anthony Wedgwood Benn, chairman of the executive, succeeded in persuading it to shelve for the time being a more militant proposal moved by Mr. Rothchild to give the right of kind rather than that of the people's future. And last night Mr. Russell Kerr, a leader of the Left-wing Tribune group of Labour MPs, attacked Mr. Jenkins in a message to his local party

at Folkeham Mr. Kerr said that the spectacle of the Deputy Leader, without any suggestion of resignation, and in open defiance of the party, leading his followers into the Tory lobby was quite unprecedented. He added: "It will rightly be greeted with anger and a sense of betrayal by the rank and file. Ramsay MacDonald at least had the grace to resign the seat of the Labour Party."

After last night's division Ministers will have to prepare for many months of complex legislation before the U.K.'s anticipated entry to the Community in January 1973.

It had been widely assumed that there would be a short enabling Bill early in the new session of Parliament, followed by a major Bill in the New Year.

It now appears that the Cabinet has yet to reach a decision on the form the legislation should take, and some Ministers favour the Bill containing all the necessary detailed legislation.

Talks open on Britten-Norman

By Michael Donne, Aerospace Correspondent

Mr. Maurice Eckman, the receiver for Britten-Norman, the Isle of Wight aircraft manufacturer, has now begun his discussions with parties interested in taking over the company.

There are about half a dozen of these, and it is understood that all their approaches are being regarded seriously by the receiver. But it is expected to be several days before he will be in any position to make a further statement on the situation.

In the meantime, the factory at Bembridge will continue to build and service Islander aircraft. It is the receiver's intention to keep the company in production so as to be able to sell it as a going concern.

No tax whatever for 15 years on export profits when you locate a factory—big or small—in Ireland.
Grants (non-repayable), towards your land, buildings and plant.
Educated, adaptable labour in plentiful supply. Modern industrial training facilities. And grants towards training costs.

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